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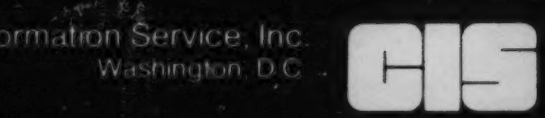

OVERSIGHT OF HUD INDIAN HOUSING PROGRAMS REGION VIII

HEARING

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

THE OVERSIGHT OF HUD INDIAN HOUSING PROGRAMS, REGION VIII

DECEMBER 21, 1981

BILLINGS, MONT.

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CONTENTS

WITNESSES

	Page
Connelly, Charlie, secretary, Blackfeet Tribe	19
Farrell, Rick, executive director, Salish and Kootenai Housing Authority, and chairman, Northern Plains Indian Housing Authority Association, prepared statement	104
Grinnell, Ira, executive director, Cheyenne River Indian Housing Authority	107
Howard, Dallas, director, Fort Belknap Housing Authority	48
Jefferson, Truman, chairman, Crow Tribal Housing Authority	8
Johnston, Janice, executive director, Trenton Indian Housing Authority	107
Keeble, Ralph, executive director, Sisseton-Wahpeton Housing Authority	63
Keller, Don, executive director, Fort Berthold Housing Authority	107
Leon, Cynthia, Director, HUD Office of Indian Programs, Region VIII	53
Little, Paul, vice chairman, Devils Lake Sioux Tribe, prepared statement	103
Morris, Doran L., Omaha Tribal Council, prepared statement	120
Old Coyote, Lloyd, executive director, Crow Tribal Housing Authority	5
Prepared statement	124
Old Person, Earl, chairman, Blackfeet Tribe, Blackfeet Reservation	10
Perez, Franklin Andy, chairman, Fort Belknap Housing Authority	50
Pollack, Elvin, Blackfeet Tribe	20
Real Bird, Floyd, member, Crow Tribal Housing Authority	8
Small, Clayton, executive director, Montana Inter-Tribal Policy Board	115
Spencer, Dennis, accountant, Fort Belknap Housing Authority	52
Toews, Virginia, executive director, Northern Cheyenne Housing Authority	26
Prepared statement	30
Wagenlander, James F., attorney	107
White, Raymond, Crow Agency	3
White Bird, George, Blackfeet Indian Housing Authority	20

MATERIAL SUBMITTED FOR THE RECORD

Bear Don't Walk, Urban J., letter, with enclosure	123
Blackfeet housing program, history	11
Blackfeet Indian housing authority recovery program, agreement	23
Devils Lake Sioux Tribe, statement of Paul Little	103
Northern Cheyenne Housing Authority, statement submitted by Virginia Toews, executive director	30
Northern Indian Housing and Development Council, the Dakota Territory Housing Authority Association, and the Northern Plains Indian Housing Authority, prepared statement	111
Salish and Kootenai Housing Authority, prepared statement submitted by Rick Farrell	104
Sisseton-Wahpeton Housing Authority, letter with enclosures, from Moses Gill, chairman, board of commissioners	66
Southern Ute Tribal Council, letter from Leonard C. Burch, chairman	121
Yankton Sioux Tribe, prepared statement	103

OVERSIGHT OF HUD INDIAN HOUSING PROGRAMS REGION VIII

DECEMBER 21, 1981

U.S. SENATE,
SELECT COMMITTEE ON INDIAN AFFAIRS,
Billings, Mont.

The committee met, pursuant to notice, at 2:45 p.m. in the City Hall Courtroom, Billings, Mont., Senator John Melcher (acting chairman) presiding.

Present: Senator Melcher.

Staff present: Jo Jo Hunt, staff attorney; Virginia Boylan, staff attorney; and Deborah Brokenrope from the staff of the House Interior and Insular Affairs Committee.

Senator MELCHER. The hearing will come to order.

This afternoon we are holding this hearing as an oversight function on Indian housing programs. The Department of Housing and Urban Development administers three major Indian programs: the housing program, including rental and self-help housing; the community development block grant program; and 701 grants.

The hearing today will focus on the housing programs administered by local Indian housing authorities, although they are only one component of the work done by these agencies.

Congress annually appropriates funds for a specified number of housing units to Indian housing authorities under the general public housing authority of the 1937 Housing Act. For many years the annual authorization was 6,000 units, which is not nearly enough to meet the current housing needs on Indian reservations. But there has been a recognized improvement in the number and quality of housing on tribal lands.

For fiscal year 1981 the annual unit allocation was reduced to 2,400 units. For this current fiscal year, the figure is 4,000. I should point out that for fiscal year 1983 no new units are being requested by the administration, pending the results of the review of an interagency task force on Indian housing. This task force is working on recommendations for future Federal Indian housing policy, and I would take this opportunity to urge all of you here with an interest in housing to make your views known to this particular task force. The chairman is Ken Smith, and you may send your comments and recommendations to him at the Department of Interior at Washington.

I also sincerely hope the testimony we will hear today will be of assistance to the administration and Congress as new directions for Indian housing are being decided.

After Congress makes its annual allocation for Indian housing units, the HUD Washington office then allocates a certain number to each of its regional offices of the Indian programs. These offices in turn make allocations to local IHA's. HUD's region VIII office in Denver is responsible for Indian housing programs on 28 reservations in seven States: Montana, North and South Dakota, Wyoming, Utah, Colorado, and Nebraska. Numerous problems have been uncovered in region VIII relating to local IHA management of Indian housing programs. There has been a lot of finger pointing. HUD seems to be trying to create the impression that the IHA's are in uniformly bad financial shape due to lax management and poor rent collection procedures. The IHA's, on the other hand, say a major share of the blame rests with HUD and its failure to properly supervise and monitor IHA programs and management activity over a period of years.

This contention is supported by the report of an internal audit conducted by HUD's office of Inspector General in Denver that was released on July 31, 1981. The initial draft was completed in December of 1980, but was not officially released until July 31, some months after HUD issued its May 1, 1981, moratorium on new funding commitments for both housing and community development block grants.

This unprecedented moratorium and its effect will undoubtedly be the subject of much of the testimony we will hear today. But to highlight the issues, I will note that region VIII is the only regional office of Indian programs to institute such a moratorium. Out of 2,400 units that were authorized for this past fiscal year, region VIII got only 211.

Now, that is clearly disproportionate to its realistic share of units. We want to know what happened to the other units. We want to explore how HUD is responding to the audit report as far as its own internal management is concerned. We want to know the status of all IHA's in terms of getting their management improvement plans submitted and approved. We want to know the responses to the reviews of their programs and finances that HUD admitted were based on dated information.

Because so many tribes have expressed interest in having witnesses testify today, I am going to have to limit each witness to no more than 5 minutes, and hopefully some of you won't take a full 5 minutes. All other written testimony and supporting documents may be submitted for the record and will be analyzed by the members of the staff of the Senate Select Committee on Indian Affairs.

By limiting oral testimony, we can assure everyone of a chance to be heard and of opportunities for me to question witnesses on key points. It often takes longer to clarify something by direct questioning than your actual testimony.

Thank you for your understanding in this matter. If you will cooperate, we will very much appreciate it. We will get on with the witnesses right now. Our first witness will be Austin Gillette, chairman of the Three Affiliated Tribes of the Fort Berthold Reservation, N. Dak.

Is anyone else representing Fort Berthold here?

Now, Minnie Ellen Fritzler, Crow Tribe, Crow Agency.

I believe there is some confusion. Is someone here from the Crow? Maybe we have some confusion on which witnesses will testify.

Mr. WHITE. I am coming on behalf of the Crow Tribe with 100 signatures involving a disaster program they had a few years ago. Some of the fine points I want to get down precise and it will take more than 5 minutes, I imagine.

Senator MELCHER. Please proceed.

STATEMENT OF RAYMOND WHITE, CROW AGENCY, MONT.

Mr. WHITE. About a couple years back we had a big flood at Crow Agency and we got some money from the Government and we—my name is Raymond White. I am from Crow Agency.

I have 100 signatures and they all have petitions stating duly enrolled members of the Crow Tribe did experience the aftermath of a spring flood in 1978. Documentation of loss was provided to local, State and Federal authorities. The Crow Tribal Housing Authority did say that HUD housing would be provided, and the undersigned believe that the flood disaster victims were used to justify the need to acquire the current housing project. And, whereas, this petition is being presented to A. Cynthia Leon, Director, Office of Indian Programs, HUD, Denver, requesting a full and complete review of the actions of the Crow Housing Authority relative to the housing needs of the Crow flood disaster victims.

I have 100 signatures stating they did not get housing and only a small percentage of the people on the Crow Reservation, that is under this flood disaster program, was not affected by this. Nobody has given us any reason why we did not get housing.

But, the people who did get the housing were people who were involved in politics—nepotism and favoritism.

What I have here is a letter written to Cynthia Leon, in the urban housing development program in Denver, and we stated that this letter was written on behalf of several Crow families, having been victims of a spring flood that hit the Crow Reservation in 1978.

It says:

I did call your office 7-20-81 and I spoke with Bonnie Shifter. During this conversation, it became apparent that the concerns expressed be formally presented to you.

It is the belief of these Crow families that the current housing project is intended for those families affected by the Spring flood. Further, these same families have conveyed their concerns (verbally) to the Crow Housing Authority, Sandy Leechman from HUD, and to various officials in the area.

Currently, the homes in Lodge Grass and Crow Agency are being occupied. It looks like most of the inhabitants were not directly affected by the Spring flood. Obviously, it is a situation where some Crows were led to believe that homes were being constructed for them; the reality being quite different.

As a result of the frustrations, concerns and political double talk, three major points are being presented, with action anticipated on your behalf. Although we agree wholeheartedly with the intent of "self-determination", it is also clear that one must act responsibly with this determination. Of greater importance however, is that very real possibility, that HUD may have been consciously misled . . . homes intended for, after construction, we will do as we please.

1. Under the auspices of the Freedom of Information Act, we are requesting HUD office documentation, policies, written agreements that may have alluded to the Crow Flood Victims and the use of these flood victims to justify a request for needed housing on the Crow Reservation.

2. If no written grievance has been brought to your attention, then this letter is to be interpreted as the filing of a formal grievance: Some individuals having

been led to believe that they were going to be accepted, then not being accepted; political favoritism; family nepotism; the lack of established guidelines in making selections; the fact that some families moved into new homes without the Crow Housing Authority giving full approval (Verbal statement made by the Chairman of the Crow Housing Authority on 7–20–81, to two separate individuals). The fact that the Housing Authority is purposely misleading is an issue unto itself and should be investigated.

3. That a fact-finding committee be established by HUD to review, investigate, and make public the actions of the Crow Housing Authority in direct relationship to the concerns expressed by those Crow families having suffered the affects of the Spring Flood of 1978. Further, in view of this request, we are appealing the decisions made by the Crow Housing Authority in the participant selection made for the current housing project.

Your prompt response will be appreciated.

And most of these people are living in trailer houses right now. We are living in a trailer house. I have been a flood victim, and we are wondering if there is any possible way that we will be able to acquire some kind of housing at some point in time.

On the other hand, I would like to find out from Crow Housing or from Denver the information that we need for these 100 people. They need the information and they want to know why these houses are being distributed in this order. We were the cause for the housing, and obviously we did not get housing. Probably about 20 percent of the disaster victims got housing and the rest got nothing, period.

Senator MELCHER. Are these the people who lost their homes because of the flood?

Mr. WHITE. Some of the people lost their homes completely and some of them, their houses were in such bad shape they could not be repaired.

Senator MELCHER. Do the 100 signatures represent people who lost their homes because of the flood?

Mr. WHITE. Yes. And here they are. I have them right here.

Senator MELCHER. When was that petition signed?

Mr. WHITE. This was 1978. We wrote this petition on July 21, 1981, and we wrote the letter——

Senator MELCHER. Are those 100 people who did not get a home?

Mr. WHITE. We did not get any information from Crow Housing or Denver.

Senator MELCHER. Did those 100 people who lost their houses get any flood disaster money to compensate them for the loss of their house?

Mr. WHITE. Yes, we did. SBA helped us out at maybe $1,000 to $1,500. Then the Federal Government has helped us. If we lost $500, they gave us half of that. If we lost $900, we probably got $450. It was half that they wanted to pay out at that time. Like, for instance, if your property was worth $5,000, the Government would actually give you half of that.

My specific grievance is the petition that I have states that these people are really in need of housing, and that the names of these people, some of them were not even affected by the flood disaster. We are just wondering. Some of them have two or more houses and still they got a house on disaster housing. We would like to find out——

Senator MELCHER. How many houses were built as a result of the disaster?

Mr. WHITE. I am talking particularly about my district on the Crow Reservation, in Crow Agency, Mont. All other houses are being built right in Crow. We were hoping that our house would be in Crow, but evidently we were excluded from that disaster program. We would like to have some information on that.

Senator MELCHER. My question was, how many houses were built?

Mr. WHITE. Pertaining to the disaster?

Senator MELCHER. Yes.

Mr. WHITE. I think there was about 40.

Senator MELCHER. You believe none of these were people who suffered?

Mr. WHITE. I will give you a fraction; about 20, maybe not even that, got houses from the disaster. The houses are being assigned by nepotism, favoritism, and political reasons within the reservation. I do have the people that were not affected by the flood who received houses under the disaster housing program.

Senator MELCHER. About 40 were built after 1978, after the disaster?

Mr. WHITE. That is the latest housing project we have had in Crow.

Senator MELCHER. The 100 that signed the petition——

Mr. WHITE. I have the petitions right here.

Senator MELCHER. Are those all families?

Mr. WHITE. All families. I have just the head of the family on there. This is the letter to HUD. Here is one of the unsigned petitions. We were hoping that you would be able to look into this and find out if those people who do not have houses, that are living in these trailer houses—I would say there are maybe five or six or seven Indian people in one trailer house that has only two to four bedrooms. It is almost impossible just to live in the same house. We need all the support we can get in trying to get another housing program going for us disaster people, especially.

Senator MELCHER. All right. Thank you very much.

Now speaking for the Crow Tribal Authority will be Lloyd Old Coyote, do I understand that correctly?

STATEMENT OF LLOYD OLD COYOTE, EXECUTIVE DIRECTOR, CROW TRIBAL HOUSING AUTHORITY, CROW AGENCY, MONT.

Mr. OLD COYOTE. Senator Melcher, the two members of the housing authority, Truman Jefferson, who is the chairman of the Crow Housing Authority, and Floyd Real Bird, the vice chairman on the Crow Tribal Housing Authority, are present here at this committee hearing.

My name is Lloyd Old Coyote, an old member of the Crow Tribe, and also serve as the executive director of the Crow Tribe Housing Authority. I will elaborate on some of the issues that have been brought to you, and then I will go into a few remarks that I have prepared for this hearing.

The Crow Tribal Housing Authority, like any other housing authority, is elected by the Crow Tribal Council. They are the body, the entity, of the Crow Tribe, to select the tenants for the various housing programs that we have on the Crow Reservation. We have approximately 2,400 families on the Crow Reservation. We have something like 365 units under the HUD program. And we have approximately 2,200 applicants.

The statement just made by Mr. White about the selections—for every selection made of one family, you have about 100 families mad at you, because we do not have enough units to go around, not enough distribution.

We have the Crow Housing Authority review and select tenants for these units to the best of their findings, and when it comes to the various complaints that we have coming in, it is hard to please everyone. It is difficult to even find quarters for most of the families on the Crow Reservation. Some have to double up, as indicated earlier.

The trailer homes that are mentioned here are managed by the Crow Tribal Council, which means the officers; the chairman and vice chairman, or the secretary. So we do not have anything to do with the trailer distribution. Our purpose is to apply for more units, as well as administering the rent collections, and things of that nature. It seems to me like some of the applications that were sent in to HUD—we have not received any allocations since 1975, except for the flood of 1977. We received 44 units. The disaster team came to the Crow Reservation to make the determination who was affected and who had suffered losses relating to the flood. Most families on the whole Crow Reservation suffered some loss of some sort pertaining to housing, even livestock. So all the families were affected by this flood of 1977. We only had 44 units, and that is not enough to distribute; to accommodate all the applications that have come in.

Based upon the number of applicants that we have—there are people that come in every day, even call in late at night or early in the morning to see where the status of their applications are. So with that, we know about some of the allegations made to the Crow Housing Authority. The Crow Housing Authority members serve on this board of commissioners on staggered terms from a previous resolution adopted back in 1963. We have had a number of housing authority members since that time; up to the last time. The last election was April of 1981, and members of that housing authority assume their responsibilities sometimes in the middle part of June.

Senator, my primary purpose of making a presentation to your committee is that there are many problems and issues confronting the Crow Tribal Housing Authority. I feel that the committee should be more aware of these various problems and issues, and how to best approach these issues and pursue measures in solving many of these problems toward furthering the concepts of the Crow Housing Authority.

I am sure that you are aware of the problems of other housing authorities throughout the Indian reservations; things of that nature. I would like to request, and even perhaps ask for a commitment, to support and assist these various housing authorities toward finding remedies; looking for solutions; and even create a better working relationship, as well as opening up communications, trying to understand the unique problems that we face.

Our tribal council is rather unique compared with the many tribal councils throughout the country. I think we are one of two tribal councils that has a general council. The other is the Otoe. We have a general-type town council. The others have this executive type council

and they can meet periodically or at a moment's notice. But, ours is held quarterly. Sometimes, we are a little slow in having any action on any of the issues and resolutions that are on the agenda.

This does not really hinder the Crow Tribal Council because we feel this is more of a traditional way of expressing our views individually; being voting members on all the issues. We all feel we have this interest in the Crow Tribal Council as well as the Crow Reservation, and perhaps we may have been a little slow in addressing some of our areas of needs, but we feel this is perhaps one of the most democratic forms and systems of governing.

We feel that brainstorming ideas, remedies, like I indicated earlier, should be put forth in trying to resolve all the problem areas that do confront us as the Crow Tribal Housing Authority. I would like to add that the main areas of problems are like collections.

There is litigation confronting the Crow Tribal Housing Authority which we feel that HUD, the Tribe, the contractors, the architects, are all responsible for; those poorly constructed units back in the early 1970's when these units were built. Plumbing systems are inadequate; they are inferior. The materials were inferior; the workmanship is poor; inspection was not properly carried out.

The units that Mr. White indicated earlier—the 44 units, the flood-related low-rent units that were last built on the Crow Reservation—were the best constructed; the best inspected, my understanding is that we did not owe the contractors or architects any money on it because everything is paid up on it. For that, I want to thank Mr. Howard Dennis, the field representative of Housing and Urban Development who is stationed here in Billings. He has been very instrumental and very helpful in making this program a successful program in carrying out the administrative aspects.

On the Crow Reservation, when we talk about values of a good home, all of these things, we know that we are limited in trying to provide more housing units for Crow tribal members. The applications indicate that there are many families that are in need of houses. The more houses we can get built on the Crow Reservation, the more it will help our unemployed.

We have many family members who have gone away to school, or have been on BIA relocation programs, and so forth, who have come back and would like to establish themselves on their own individual lands.

There are some units that we felt should be kicked loose. Of course, we need to do our homework. We have concentrated on improving our collections. In fact, we have designed and developed a film for each community to observe, based upon the traditional values of a good home. It also goes into the present day policies of HUD responsibilities as well as Crow housing responsibilities by individual families. We feel this will be a factor in becoming more responsible toward meeting the obligations pertaining to the home unit itself.

That is about all I have, Senator. If the members of the Crow Housing Authority would like to make a few remarks, perhaps you might listen to them. I might miss a few areas. Mr. Truman Jefferson is the chairman of the Crow Housing Authority.

STATEMENT OF TRUMAN JEFFERSON, CHAIRMAN, CROW TRIBAL HOUSING AUTHORITY, CROW AGENCY, MONT.

Mr. JEFFERSON. Thank you, Lloyd. Senator Melcher, I would just like to clarify a few things that I as a new member of the housing authority and the Crow Tribe, have learned. In the past, I worked on construction of these houses, just after graduating from high school. I have seen the poor construction of these houses, and now the poor construction of these houses is coming back to the housing authority.

HUD says that these people are not paying for their houses; they are not meeting their obligation. But as far as the people are concerned, the construction is poor. Therefore, they feel they should not have to pay for a poorly constructed house.

You, as a Senator, know that the responsibility for running a business falls upon the head of the department; the owner is responsible for his business. Therefore, if HUD is setting the rules and regulations, whatever they have to do to get houses into these reservations, then, therefore, it is HUD's responsibility to see that these houses are constructed in such a fashion that they are livable; or does the responsibility go back to Washington, D.C.?

That is my concern at this time. These people feel they are not treated right; therefore, they do not have to pay for their house. But, with the economic situation on the reservation; there are no jobs. I made a survey and right now there are 70 percent of the tribal members unemployed. Therefore, you know, it is just a vicious circle where we are living. I guess that is all I have got to say.

Senator MELCHER. Mr. Real Bird.

STATEMENT OF FLOYD REAL BIRD, MEMBER, CROW TRIBAL HOUSING AUTHORITY, CROW AGENCY, MONT.

Mr. REAL BIRD. I am Floyd Real Bird from the Crow Tribe. I am a member of the housing authority. On the flood victims; there are 2,000 applications. We gave them to the people with the greatest hardship.

In the past, say 4 years ago, the region VIII gave the Crow Tribe 97 houses. They were approved at Denver. We never did get them, and we do need them now. That is; housing No. 1411, appropriated 97 scattered sites in the reservation, and everything has been appropriated. But, we never did get them.

That is about all I have to say now.

Senator MELCHER. Did you get 44 out of those 97 houses?

Mr. REAL BIRD. Yes.

Mr. OLD COYOTE. Inflation ate the rest.

Senator MELCHER. In other words, they hoped for 97, but inflation ate that up.

Except those disaster houses provided since 1975, what has HUD done to provide the housing authority with some sort of critique and say, here is what we want you to do so you will be eligible for more houses?

Mr. OLD COYOTE. Well, we feel that HUD should provide more assistance in regards to——

Senator MELCHER. That is the question. Have you done anything?

Mr. OLD COYOTE. That is my question, too.

Senator MELCHER. They have not?

Mr. OLD COYOTE. I assumed the directorship about 13 months ago. I am fairly new. But the problems——

Senator MELCHER. You were not on the housing authority from 1975 to the present?

Mr. OLD COYOTE. No. But I knew some of the background history on it from some of the older members of the housing authority.

Senator MELCHER. How long have you been on it, Floyd?

Mr. REAL BIRD. Six months.

Senator MELCHER. Were you on it before, Floyd?

Mr. REAL BIRD. Yes.

Senator MELCHER. What year?

Mr. REAL BIRD. 1979.

Senator MELCHER. Truman, are you new on it?

Mr. JEFFERSON. Right. I have been on it since June. And with these problems, I might mention, Senator Melcher, coming in as a new housing member, I tried in every manner to get these people to start paying on these houses, no matter how poorly they are constructed. We have succeeded in getting our rent ratio up by, let us say, 50 percent or more, so the people are making an effort to pay for these houses. But with the circumstances as they are, with unemployment, and so forth, the people are not paying the maximum, but they are making an effort to pay for these houses.

Senator MELCHER. By how much are you now delinquent?

Mr. OLD COYOTE. I think the last count that we had, it was close to $390,000. That is a backlog of all those years.

Senator MELCHER. $390,000?

Mr. OLD COYOTE. Yes. On the average, we should be receiving, if everybody pays up, it should be anywhere between $15,000 and $17,000 a month. We did increase the rent collections recently.

Mr. JEFFERSON. We are getting anywhere from $5,000 to $10,000 with the increase—before it was between $1,000 and $5,000. So, now the people are realizing that we, as a tribe, must pay. That is where our efforts are now. I hope HUD realizes that.

Senator MELCHER. Floyd, were you on the housing authority for the entire year of 1979?

Mr. REAL BIRD. No. I was just appointed for 6 months at that time. I was helping the flood victims at that time.

Senator MELCHER. In the past few months, has HUD given you some training on how to bring this authority up to snuff on collection?

Mr. OLD COYOTE. Rent collections? The rent collections, we have the RTCP training program for the counselors. The RTCP is funded by the BIA.

Senator MELCHER. But not by HUD?

Mr. OLD COYOTE. Part of the staff is from HUD.

Senator MELCHER. I think it was Mr. Truman who said that people are coming back to the reservation, or was that you?

Mr. OLD COYOTE. That was me.

Senator MELCHER. Is that creating more of a demand for housing?

Mr. OLD COYOTE. More so, yes.

Senator MELCHER. Thank you very much.

Earl Old Person.

STATEMENT OF EARL OLD PERSON, CHAIRMAN, BLACKFEET TRIBE, BLACKFEET RESERVATION, BROWNING, MONT.

Mr. OLD PERSON. Since we are limited to a time, Senator Melcher, we have a packet to submit—I guess you have one already—that will give you a pretty good detail of the history of our housing program.

We want to thank you for this opportunity to present our position on the housing. With me are Charlie Connelly, the tribal secretary to the far right; Elvin Pollack, our tribal manager; and George White Bird, who is presently directing the housing program on the Blackfeet Reservation. The other councilman with us is Philip Ratner, Jr.

We, the Indian people, who are under the HUD housing program, are in pretty much of a predicament at this time. One of the things that we must continue to recognize is that besides health, shelter is another of the most important requirements of our life.

We have convinced our people to live in the kinds of homes which we are presently becoming used to, especially some of the people who were used to their own old one room homes, carrying water, and all that. We convinced them to go this other way. Like I said this morning with the health problem; now, we are telling them we have no way of accommodating them in new homes.

So, while the tribal council, as a whole, is trying to find a way to resolve some of the problems that are occurring; the kinds of predicaments that we have on the Blackfeet Reservation, with HUD, with our local housing authoriy; there are people who are waiting to be housed. These people are moving in with other family members. I think we the Indian people are a little bit different. If we see someone that is in need of help; we are not going to push them aside. We are going to try to help them in any way we can. But, these people are waiting while we are trying to resolve these problems.

Today, I feel that we cannot resolve a problem just by phasing out a program or just by doing away with a program. I think the tribal councilmen are trying, in every way possible, to help with the problems that we have at this time.

So, without elaborating further on the kinds of problems and concerns that we have for our housing program, I do want to say this: I think HUD should have in the past paid closer attention. There should have been much more supervision of the local housing authorities and programs, because there was a lot of money going into these programs. This is one of the problems that we have. Many of the tribal leaders, the tribal councils today, are inheriting some of the problems that the people within the housing are having. With that, I would like to ask our tribal secretary, Charlie Connelly, to elaborate a little further on some of the problems that we now have with the Blackfeet people.

Senator MELCHER. Thank you, Earl. The material will be placed in the record at this point.

[The material follows:]

BLACKFEET TRIBAL GOVERNMENT: HOUSING

During the beginning of the current council term, July 1979, 80
a review was instituted to clarify the position of the Blackfeet 2
Indian Housing Authority and Tribal governments position in terms of contracted projects with HUD, current programming and proposed projects. Due to the large number of projects that remained unfinished and a wide range of complaints associated with the operation of the housing authority, the Blackfeet Tribal Business Council began a review of the programming.

On June 15, 1981, the Blackfeet Tribal Business Council, 8
by resolution, requested an investigation into the full range of programming involved through the housing authority. Previously, in January of 1981, the council had asked for a consultant from HUD headquarters to be assigned to the local authority to assure programming would be brought into compliance.

As early as June 17, 1981, during a meeting with HUD officials, 17
the tribal council was asked to enter into an agreement with HUD to clarify a large range of progamming shortcomings, and perhaps prematurely, requested tribal government to establish a plan to pay back "diverted funds" to HUD. These "diverted funds", according to HUD officials were the obligation of the Blackfeet Tribal government to secure housing on the reservation.

The Tribal Business Council rejected this notion based on several precendents established by HUD during privious transaction, and actions, that indicated the housing authority was considered much more an extension of HUD, than tribal government. These actions, on the part of HUD, during the funding and operation of the local housing authority indicate that HUD controlled a large part of the direction of the local authority. For example, HUD, like all other federal agencies, has strigent audit requirements for all allocated funds. Audits on projects funded by HUD should have been used to monitor the progress of each account and reporting requirements should have been able to indicate weaknesses in management and programming. Audits results should have uncovered the ease of "diverted funds" and accordingly

should have been corrected by HUD, the monitor.

Todate, numerous requests on the part of tribal government to rectify this situtiom have gone unheeded. The tribal government assumes responsibility on it's part to address this problem.

Still, many of the major considerations put forth by HUD cannot be left strictly up to the local tribal government to resolve. Since the tribal government was not the primary monitor, although a benefactor, in this tribal-federal agency agreement, it cannot be expected that tribal government can atone for the sins of HUD and it's inability to monitor it's own funded projects. The tribal government would not encourage "diverted funds" to be used if it placed itself in the position of repayment, as it remains under HUD's current interpretation.

Historically, the Blackfeet Indian Reservation, not unlike many reservation, had a serious housing shortage with available housing sub-standand by even the mildest standards. A large percentage of Blackfeet were actually homeless and the situation seemed insurmountable. Following the major and devestating flood of 1964, which destroyed a large amount of available housing, tribal government embarked on a drive to bring housing to the Blackfeet Reservation. This effort is approx-mately 17 years old, todate. During this period over 1000 units have been built. There have been major strides made in improving the housing standard for the Blackfeet people during this time. Nevertheless, due to the urgency surrounding this drive to solve a very real need, many precedents were set that now threaten the continued existence of the Blackfeet housing program.

Housing still remains a major problem on the reservation today. Coupled with many unresolved complaints about completed housing and a continuing growing need for more housing, it is necessary that the Blackfeet Tribal government address this complex problem immediately and seek a solution that will allow the current stalement on funding and future programming with HUD be resolved and additional housing be secured.

During the early phase of housing construction on the reservation "prototype" models and "cluster" housing formed the major means of bringing solution to the Blackfeet's overwhelming need for housing units. The need was so great for housing that quanity, rather than quality or specific design, was chosen with little attention given to other considerations related to a large housing program. Housing design and specifications were not necessarily suited to the climate and environment of the Blackfeet Reservation with it's harsh winters and high winds. Many of the housing projects seemed assembly line type operations that reflected large financial outlays, but little individual considerations. Further, homes were built with plywood basements that have proven unsuitable, one housing project was built without adequate water supply available, and many problems have arisen over failure to secure lease agreements.

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The Blackfeet Tribe through the housing authority relied on HUD for technical advise to carry out large construction projects that previously had been unheard of in this region. Grant packages often were worked out in regional offices under HUD guidance. Essentially, many considerations of the Tribe were not included in housing funding grants.

For example, although the Blackfeet Reservation abounds in forested land with firewood ample and available, HUD financed housing built on the reservation, contained central heating systems fueled with natural gas and propane. Early scattered sites had propane tanks that cost several hundred dollars every two months to fill. This means of heating homes continued until only recently when wood heating units were included in new housing.

This consideration in early planning would have prevented a large number of problems and would have certaintly lessened the financial load on families with annual incomes of less than $2,000/year. Other considerations, such as the effects of "cluster" housing have now been documented. "Cluster" housing, located in Browning, caused large numbers of Blackfeet to leave the rural areas of the reservation and in doing so large acreages of land fell into disuse and many changes in rural lifestyles occured. Also, "cluster" housing produced numerous social problems previously unknown on the Blackfeet Reservation with it's essentially rural way of life. Many other factors can be addressed, but the important point stands out. <u>During this period of housing programming, the need for housing units overrode all other considerations</u>. Considering the circumstances, the Tribe cannot be faulted for relying so heavily on HUD direction and assistance.

The current problem and stalemate between tribal government and HUD revolves around the question of "diverted funds." HUD officials are asking the tribal government to assume liability for these funds. Since the tribal government feels otherwise, based on reasonable assumptions, a stalemate has occured. The current problem of diverted funds stems from the reality of the situation outlined earlier. (14)

Not enough consideration was given to the immense task of building housing units by a tribal government that had to rely on federal agencies for technical assistance. The local housing authority, regardless of it's effectiveness, did not always increase it's own management capabilities as the number of housing units awarded increased. Again, due to the reliance on HUD and the role that agency played in all phases of Blackfeet housing development, the local authority not only gave the appearance of handling the situation, but, in fact, seemed quite successful under the guidance of HUD. For example, as recently as last year, a HUD official stated the Blackfeet Housing Authority was in compliance and had no major problems. During the developmental stage, the authority worked closely with HUD, and served as the primary contact with the agency. Tribal government relied heavily on the advise of the authority and HUD. It is during this time that many of the instances of "diverted funds" occured.

The relationship between HUD and the local authority was assumed to be following the same course as all federal agencies and their grantees. Many boards serve as grantees for federal funds and guidelines are recogonized by tribal government and adhered to. For example, proof of organizational capability of the local authority rests with the funding agency. The granting process by continuing makes the point HUD must have considered the local authority capable of handling it's affairs. Financial monitoring of a funded project is again the domain of the funding agency. Regular scheduled audits, monthly reporting requirements, site visits, completion reports and a wide range of monitoring devises exist and, in fact, are mandated to prevent the question of "diverted funds" and other management shortcomings.

In conclusion, it becomes apparent from reviewing the audit and accompaning comments that realism in accountability did not exist as recognized by generally accepted principals, HUD directives and common sense in regards to relationship between the local authority and HUD. [1]

Some example were; co-mingling of project funds, board actions that lacked authority of direction, working with totals without breakdowns according to line item, no method of identifying inter-relationships of project funds, lack of money management plan effecting cash flow, advance payments for work yet to be performed, non-control of advances from one fund to another, developmental funds being used for operations, lack of capability to respond to danger signals in management, and many other factors that HUD should have been able to correct, or at least note and demand correction.

Currently, HUD has illegally and improperly pulled funding, that had been approved on projects 822 & 823 over the factor of "diverted funds." In addition, HUD is asking tribal government to submit a plan to reimburse HUD for the diverted funds before any other future funds will be released. Although, tribal government has been reasonable in it's attempt to settle, a stalemate has occured. This action has brought housing development on the Blackfeet Reservation to a standstill and may seriously hamper the tribe's effort in the future. 12

The current stalemate between tribal government and HUD has been addressed numerous times by both sides without success. Primarily, tribal government feels HUD bears responsibility, to a large extent, for allowing funds to be diverted and failing to heed warning signs when problems arose in the housing authority. Since it appeared that HUD worked closely with the local authority and to some extent treated the authority as an extension of it's own funding operation, it placed tribal government in a secondary position in terms of fiscal control. It now wishes to turn the status around.

In summary, the Blackfeet Tribal Business Council remains sincere in their own evalution of the following points, and committed to the following major points of contention;

1. That tribal government connot be responsible for repayment of an estimated 1.8 million dollars in "diverted funds" as indicated by HUD since the tribal government did not serve as the primary financial monitoring agent.

2. The tribal government has asked for assistance from HUD to correct and clarify the status of the housing authority and it's projects and until a greater cooperative effort is made no solid commitments can be made by the tribal side.

3. The tribal government recommends as a possible solution to resolve this stalemate that legislation be introduced to rectify the current stalemate between the Tribe and HUD.

4. Tribal government reiterates their recognized position on housing needs. However, that it not be continued under the present form of adminsistration. Instead, as administrating process be developed that would provide proper checks and balances, audit trails and a management capability that will provide a firm vehicle to properly administer tribal housing needs of the future .

APPENDIX:

1. Audit, Chan Gray & Company, Inglewood Colorado
2. Report to the Blackfeet Tribal Business Council concerning the Blackfeet Indian Housing Authority; Board of Commissioners reorganization and program evaluation - Joe McKay, Administrative Assistant.
3. Blackfeet Tribal Council Resolution No. 125-81 - request to HUD for technical assistance.
4. HUD memo - field visit to Blackfeet Indian Housing Authority April 6-10, 1981.
5. Projected income and expense for FY 82.
6. Analysis and recommendations BIHA.
7. Meeting minutes: HUD, Blackfeet Housing Authority and Blackfeet Tribe.
8. Letter Blackfeet Tribe to Mr. Thomas Sherman, Office of Indian Programs, Department of Housing and Urban Development, with enclosures; HUD proposed management improvement plan (MIP) draft format; Blackfeet Tribe's response to proposed management improvement plan; proposed management agreement; Blackfeet Tribal resolution requesting congressional inquiry.
9. Management agreement proposed by Blackfeet Tribe and BIHA.
10. Letter, DHUD, suspending activities.
11. Management agreement - approved.
12. Legal opinion by Tribal Attorney.
13. Letter Department of HUD - management improvement plan.
14. Letter BIHA - "Cash budget and management improvement plan.

Appendixes are retained in committee files.

STATEMENT OF CHARLIE CONNELLY, SECRETARY, BLACKFEET TRIBE, BROWNING, MONT.

Mr. CONNELLY. Senator Melcher, I will be really brief on what I have to say.

HUD has very casually made some major changes within the reservation that profoundly alters the demographic makeup of the reservations. We had a sort of a subsistance type living where they moved all the people into the cluster homes. Now we have a rural type of thing. These things happened so casually within HUD. There is no planning, no preparation on the Indians' part. There is no preparation on their part.

Just as suddenly, this housing became a major source of employment for Indian people. They have been employed over a number of years. This has been in the 14 or 15 years that the housing has been available for the reservation. It has become a major source of employment for large numbers of Indians. All of a sudden the whole thing is yanked away from them. Then there is no more employment. People who have gone into the lumber business are suddenly out of business. People who are contractors; they are gone. Carpenters, they are looking for employment. But all these things happened so suddenly, with no planning.

One of the major things that we would like to emphasize; if there is going to be another surge of activity, another plunge, we would like first that HUD do some planning. Second, we would like to be involved in that planning. I think, basically, that is the type of thing that we would like to see.

We want to especially call your attention to their accounting system. Their accounting system is a very complicated cost accounting system, really difficult for a layman to understand and work with. All the boards that make up housing boards are laymen; they are not accountants; they are not auditors. They have a really difficult time in working with this. This is one of the problems we have found in trying to improve our own houses.

Also, they have a certain rigidity in dealing with Indians. If there is a problem of a waiver of a regulation—this is a major undertaking on HUD's part to waive anything. It is probably unrealistic to look at a sliding scale on the reservation, but these are enforced. We have people that are making large amounts of money as carpenters and skilled laborers, and they may go into a program that would hire them at half or less price. So these kinds of waivers are very hard to bring about and something that HUD does not deal with easily.

The third thing is HUD sets unrealistic goals for Indian people. They talk about 100 percent collections. It is my understanding this has never occurred in any housing project in the United States. I do not have the facts on that, but people have quoted that to me. Yet Indian people are supposed to collect 100 percent. These are the unrealistic goals that they set for Indian tribes.

We have presented a lot of this material in our written testimony, and we thank you for the opportunity to talk to you.

Mr. OLD PERSON. I would like to ask Elvin Pollack if he has anything to add to what has already been said at this time.

STATEMENT OF ELVIN POLLACK, BLACKFEET TRIBE, BROWNING, MONT.

Mr. POLLACK. I would like to, very much, Senator. I would like to bring out a couple of points. We have, as a basis to our packet, an audit that was done on the housing authority that covered several months of activity. In our narrative testimony we make mention of it, but I would like to call attention to the several pages of writeups. As a student of accounting, in classes this is the kind of stuff they would have told us to not do. This seems to be the base for pretty near everything bad that has happened. That everything throughout; someone lost contrtol, somewhere along the road. So we based it on this.

The second thing that is kind of important in this backup material is that this council, early in their term, assigned a paralegal to do an evaluation of the local authority. Many things are brought out in there. Some houses were put on lots that did not have a lease, or had a bad lease. They put the sewer on the next piece of property that was not leased at all. It addresses all the major things wrong within the program. That is pretty well covered over.

But the thing is, we have been approached on these diverted funds, and it seems like every time the tribe, the housing authority, and HUD try to get together to resolve something, they realize we get into a Catch-22 situation. We wind up bogged down in it, and as a result the council, sometime back—again, it is part of our package—asked for congressional inquiry so we could get some outside thinking and some outside looking into what is wrong with the whole thing. Because, it seems like we wind up stalemated on every attempt that we make at trying to find out what is wrong. The tribe, basically, has asked only that somebody identify who owes what and then we could look at plans to address repayments if things are diverted or are not right. We have yet to have a final figure we can work with. We have been told it is coming up on different dates. We have the latest date of the December 31 coming up here next week, I guess. But at this time it has been a phantom figure and everything we have tried to address has been to something unknown.

Those are the points I wanted to add to what Mr. Old Person and Mr. Connelly had said.

Mr. OLD PERSON. I would like to ask Mr. White Bird if he has a statement to make.

STATEMENT OF GEORGE WHITE BIRD, BLACKFEET INDIAN HOUSING AUTHORITY, BLACKFEET TRIBE, BROWNING, MONT.

Mr. WHITE BIRD. I would like to add that in the past year or year and a half, the Blackfeet Indian Housing Authority, along with the Blackfeet Tribal Business Council, has made several efforts to work in conjunction with HUD's request to try to develop a management plan and budget plan and plan of operations and other requests that HUD has requested of them. They have been trying to improve the working relations with HUD in the past year and a half. I think working relations with HUD is a very important factor for the Blackfeet Tribe and housing authority.

That is all I have.

Mr. OLD PERSON. With that, we do want to thank you again for allowing us this time to testify.

Senator MELCHER. Did the housing authority or the tribe recently sign an agreement with HUD to address solutions to the problems?

Mr. OLD PERSON. This is recently.

Mr. CONNELLY. We are in the process of signing it. I think the council still has to agree to a couple of points in that. When that is finished, then we will probably sign it.

Senator MELCHER. We will place a copy of that in the record following your testimony.

Mr. CONNELLY. That agreement originated with the tribe and our lawyers presented it to HUD. The proposals are those of the tribe, the council, and the housing board, to the Denver Regional Office.

Senator MELCHER. Has the housing authority been making the collections?

Mr. CONNELLY. Yes.

Senator MELCHER. Do you take your expenses out of that first or do you just send the payments to HUD?

Mr. WHITE BIRD. We take our payments out of that, first.

Senator MELCHER. Your expenses?

Mr. WHITE BIRD. As far as the operating budget. That is part of the way the operating budget is constructed.

Senator MELCHER. Has that previously been agreed to by HUD?

Mr. WHITE BIRD. I believe so.

Mr. CONNELLY. Let me clarify that a little bit. The housing subsidy goes directly to HUD and is paid into their insurance fund. Then what is left over goes into their operation, and if there is any left over from that, that also goes back to HUD. I think at this point they have been able to maintain a positive balance through the year.

Senator MELCHER. The corrections you would suggest are penned here?

Mr. CONNELLY. I think one has to do with the term of the agreement. The second is a starting date, and there is one more thing in there. They are fairly minor in content.

Senator MELCHER. So this is the substance of it. Thank you all, very much.

The material will be inserted in the record at this point.

[The material follows:]

THE LAW OFFICES
OF
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JAMES F. WAGENLANDER
VALERIE McNAUGHTON, OF COUNSEL
PAUL G. QUINN, OF COUNSEL

AREA CODE (303)
534-4587

December 10, 1981

Mr. Buster Pollock, Tribal Manager
Blackfeet Tribe
Blackfeet Reservation
Browning, Montana 59417

Dear Buster:

As previously discussed with the Tribe and the Housing Authority, HUD has approved the 14-point Agreement on The Blackfeet Indian Housing Authority Recovery Program. Enclosed is the original copy of said Agreement. Pursuant to this Agreement HUD will provide badly needed additional financing for the Authority's programs. I understand the Tribal Council will formally consider this Agreement on Monday, December 14 and I strongly recommend that both the Council and the Authority execute the Agreement within the next few days. This will legally bind HUD to the commitments that we have been able to obtain.

Sincerely,

James F. Wagenlander

Enclosure

cc: Mr. Dan Press
Mr. George Wippert
Mr. Earl Old Person, Tribal Chairperson

JFW:pt

AGREEMENT
ON
BLACKFEET INDIAN HOUSING AUTHORITY
RECOVERY PROGRAM
October 28, 1981

1. The Tribe and Authority establishes a ~~Rent Guarantee~~ Income Enhancement Pool with a $100,000 loan from the Tribe. The Authority will file for collection and eviction automatically for anyone 60 days late on current rents from this date forward. At time of the filings the Authority will get rent payment advanced from Rent Guarantee Pool. When funds are collected through court process and subsequent attachments of I.M. accounts the Authority would reimburse the Rent Guarantee Pool. After two years the guarantee program is closed out with all funds reverting back to the Tribe. These monies could then be used as seed money for other tribal housing programs.

2. The Authority freezes current collection efforts on past delinquencies. It writes off all delinquencies two years old due to tribal statute of limitations. It activates collection on past delinquencies only if current payments are not made. This is all widely publicized. In addition the Tribe establishes a Landlord Tenant Court.

3. Tribe has already honored its obligation to guarantee force account work amounting to an approximate $119,000 contribution to the Authority.

4. HUD is to immediately release pending ACC Amendment, some of which was already previously approved. Also arrange for expediting the delivery of this $1,500,000 so the Authority can address development problems and maintain development staff. Some of these funds are to be paid back in accordance with The Authority Repayment Plan (see item 14).

5. HUD, the Authority and the Tribe are to participate in a task force that shall quickly address all development issues (including closeouts, completion of work, claims (and suits) against contractors, architects, guarantors, bonding companies, and pending suits by contractors against the Authority). Let HUD's legal counsel chair this task force and allow the task force to be fully authorized to make all decisions in these matters.

6. Place top priority on converting utilities to direct payments. HUD will take the lead in arranging this with utility companies with assistance from Authority and Tribal legal counsels. Also the possible use of CD funds for required system upgrading will be explored if this should prove to be necessary.

7. Get fee accountant to immediately complete books.

8. The Tribe offers a voluntary contribution to the Authority of $150,000 of in kind assistance (labor, materials) per year for a minimum of ~~three~~ four years. This would include loaning a qualified executive director, doing accounting reviews, providing maintenance and other miscellaneous work.

9. Initiate suit against bonding company on Mt8-15 Nicholas and claim against bank on Mt8-21.

10. HUD is to delay one year in building up 1983-86 insurance reserve. The Authority pledges to pay 1980-83 insurance within one year. Though the Authority takes the position that 1977-80 insurance is not owing due to a statute of limitations HUD says it is owing, but both agree upon the Authority paying back this advance over five years in accordance with Authority Repayment Plan (see item 14). In addition HUD will provide a report to the Authority on insurance requirements and the Authority will explore insurance options to see if future insurance costs can be reduced.

11. The Authority and HUD agree upon an immediate cash budget with reduced but adequate staffing.

12. The Tribe agrees, in addition to item #8, to provide Tribal attorney to work with Authority attorney to reduce legal costs.

13. The Tribe will consider using CD funds to correct deficiencies and complete units (i.e. Nicholas). Obtain Davis Bacon waiver on such work. Also Authority will explore with HUD possible credits for participants or tenants who self complete units and, in some cases, similar credits and settlements without completion.

14. HUD and The Authority agree to a Repayment Plan which involves paying back in a maximum of 5 years the 1977-80 insurance advance and in a maximum of 10 years the portion of those funds in the ACC amendments that are determined to be owed to HUD with projected excess operating income (which both parties initially estimate to be $200,000 in the first year).

IN WITNESS THEREOF this above fourteen point Blackfeet Indian Housing Authority Recovery Program and its terms and commitments are hereby approved and agreed to by the Blackfeet Indian Housing Authority and the U. S. Department of Housing & Urban Development. In addition, the Blackfeet Tribe hereby approves and agrees to those specific terms and conditions relating to Tribal performance.

U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

Peter A Cowen (date): 11-25-81
Director of Office of Indian Programs
Region VIII

BLACKFEET INDIAN HOUSING AUTHORITY

_____ (date): _____
Chairman

BLACKFEET TRIBE

_____ (date): _____
Chairman

Senator MELCHER. Virginia Toews.

STATEMENT OF VIRGINIA TOEWS, EXECUTIVE DIRECTOR, NORTHERN CHEYENNE HOUSING AUTHORITY, LAME DEER, MONT.

Ms. TOEWS. Senator Melcher, I have with me my chairman, Flow Waters, to my far left; and Kenneth Bear Tusk, who is the secretary-treasurer of the Northern Cheyenne Housing Authority, both tribal members.

Senator Melcher, it is good to see you on home turf again. On behalf of the Northern Cheyenne Tribe, I thank you for affording us this opportunity of appearing here today and stating our concerns for the survival of the Federal Indian housing programs.

My name is Virginia Toews. We have come through many a crisis with your help and commitments over the years. We do not expect anything less today as we join the massive outcry of Indian families in dire need of housing, not only on the Northern Cheyenne Reservation but nationwide.

The most crucial issues are: No. 1, in the Congressional Record, December 7, 1981, I think OMB tells it exactly like it is. OMB argues there will be no additional low-income housing, not even the new recommended voucher system as recommended by the President's Commission on Housing Authorities, and for all 1982 new construction, substantial rehabilitation funds to be rescinded.

Senator, if this comes to a reality, there will be nothing tribes and housing authorities can do to help their people find decent housing. If you are trying to follow along with me in my written testimony, I am trying to condense it to 5 minutes. So I am picking out pieces here and there.

The Northern Cheyenne Housing Authority has 523 units, and there still remains a serious housing shortage for the Northern Cheyennes living today on the reservation where most of our homes, new and old, have from two to four to five families living in there.

No. 2, President Reagan's Commission on Housing has recommended that housing vouchers be given low-income families to enable them to pay the rent for decent housing. Where would this leave the Northern Cheyennes when there isn't any housing available, no matter what price or what kind of vouchers are issued? They would still be settling for overcrowded conditions.

No. 3, is on page 3. Although 4,000 units a day in housing has been settled on for fiscal year 1982 by the conference committee, and hopefully will be supported by the President in a few days, we are concerned that long term financing be continued through Federal assistance housing programs to meet the severe housing shortage for Indians. The mutual help housing program is less costly than any other public housing program because it does not require a maintenance subsidy as do other housing programs such as the low rent. It is also the only housing program requiring participants to retire a portion of the debt themselves.

On November 23, 1981, HUD central office hosted a group of Indian housing leaders to study the appropriateness of the mutual help approach and recommend to Congress improvements, revisions, or alternatives to this approach for meeting the housing needs of Indians.

HUD finally did their homework and concur now with what we have been telling Congress for years; that the mutual help home buyer program costs the Government less than any other subsidized housing, public or Indian. See the attachments of HUD's recent drafts of comparison.

The public assisted housing is constructed largely for elderly, which is really one of the big differences. They are one-bedroom apartments and most of them are high rises. Mutual help housing is constructed for large families, single family units. The mutual help home buyer program is actually a huge savings to the Government not only because of the many people each unit houses, but also heavy emphasis must be placed on a custom that is still practiced by most Indian people; that of housing one or more elderly in their homes.

Therefore, this represents a much greater cost savings to the Government, not only for housing, but for caring and sharing.

I think this is a real important point to bring across to the congressional staff.

No. 4, the Reagan administration is attempting an intermediate step of consolidation of Federal categorical programs into block grants. The Northern Cheyenne Housing Authority opposes such a move for housing if it would replace long-term financing commitments for housing from the Federal Government. There is a conspicuous absence in all current block grant proposals that I have seen and reviewed because there are no assurances that low-income Indians or minorities will be served. If the block grant comes to the State, Montana is not pro Indian, leaving our people to the whims of political powers.

Further, enormous time delays, because of transition from Federal to State or tribal government, will involve the passage of a whole new set of laws, regulations; the creation of a bureaucracy, all for a program whose Federal appropriations are destined for extinction.

No. 5, the Northern Cheyenne Housing Authority was bitterly criticized by HUD's region VIII Acting Administrator and the Office of Regional Indians Programs for their own in-house problems revealed from an internal audit conducted during 1980 and 1981. I was personally invited to sit in on some of those divine revelations in the Inspector General's Office, HUD, Denver, on December 18, 1980. Rather than accepting the blame and cleaning up their own act, it was passed on to Indian housing authorities in region VIII by way of a moratorium declared May 6, 1981. This moratorium made us believe that Custer was still alive. The war was on from all sides against the housing authority. The tribes were made to believe we were working in an array of underhanded mismanagement practices through their Directors from HUD. No construction could take place until HUD satisfied itself that the Northern Cheyenne was properly managed, funds were not diverted, expenditures were controlled, and that there were sufficient funds available for repayment of HUD funds if we obeyed.

We maintain we were solvent from the first notification from HUD in May until October 1, when HUD agreed that we do have strict financial control. They then released our mutual help project for 25 families and the fiscal year 1981 allocation of 50 more units after the construction season was gone.

We feel that region VIII action on the Northern Cheyenne Housing Authority was inappropriate and was done without due process. We are not guilty of mismanagement, Senator. We may have program regrets, but we are not guilty.

Our recommendations for commitment: No. 1, the Northern Cheyenne Housing Authority recommends continuation of the HUD Indian housing program with an allocation of 6,000 units per year.

No. 2, the Northern Cheyenne Housing Authority recommends and requests your commitment for full funding for the Indian Health Service water and sanitation facilities construction to support all housing on Indian lands. This is extremely critical to the 4,000 units already committed for fiscal year 1982.

No. 3, the Housing Authority recommends that BIA home improvement remain as a categorical program and support services for HUD housing be continued with adequate levels of funding.

No. 4, the Housing Authority is opposed to a block housing grant for Indians if it would replace long-term financing commitments for housing in the Federal Government. We request your commitment for continued long term financing until another acceptable housing program is in place.

No. 5, the Housing Authority requests a commitment that should the Indian housing program go to block grant, that assurance for continuation will be guaranteed by certain dollars approved for Indian housing on a 5- or 10-year basis, taking inflation costs into consideration.

No. 6, the Housing Authority recommends full tribal and Indian housing authority consultation on the development of new proposals for Indian housing programs.

No. 7, the Housing Authority recommends that a loan guarantee program be developed for middle-income Indians needing housing on trust land.

No. 8, the Housing Authority requests commitment for HUD to fund project 1215 for the full 25 mutual help units. Because of the extra year of delay, we are going to have to delete three or four families and my Board does not want to play God and say you cannot get a house because of the inflation and the delay of a year.

And, No. 9, the Housing Authority recommends that from now on that HUD be directed to resolve problems and issues with individual Indian housing authorities in a satisfactory manner to benefit all parties rather than initiate mass confusion and unrechargeable feelings.

Senator Melcher, we are extremely pleased that you afforded us the opportunity of appearing here today to voice our concerns in regard to the present and future needs of the Northern Cheyenne, at a time when 70 percent of the administration's cuts so far have come from programs serving low-income people.

Thank you for your consideration of these comments and recommendations and requests.

If you have any questions, we would be glad to answer.

Senator MELCHER. You are up to date.

Ms. TOEWS. Thank you.

Senator MELCHER. Have you had any trouble with HUD prior to this reckless charge?

Ms. TOEWS. Not in this scope and in this mass confusion; no.

Senator MELCHER. Have they been of assistance to you over the years?

Ms. TOEWS. No, not much. We have done it on our own, Senator.

Senator MELCHER. What is that going to cost—losing that whole construction season? Do you have an estimate?

Ms. TOEWS. I would say three houses and a lot of bad feelings.

Senator MELCHER. Well, I think it was President Reagan who said he wanted his inspectors general to be as tough and ornery as a junk yard dog. I thought the inspector general was very factual in his report? He was not too ornery, was he, with region VIII?

Ms. TOEWS. No.

Senator MELCHER. Just kind of straightened them out.

Ms. TOEWS. I was real interested in meeting with the IG that day because he revealed to me exactly what is in that report, and if region VIII at that time already knew, which I know that they did, they should have started procedures at that time and not waited until prime construction season in this northern area had passed.

Senator MELCHER. Yes; thank you very much, Virginia.

Your prepared statement will be placed in this record at this point.

[The statement follows:]

TESTIMONY
Submitted By
NORTHERN CHEYENNE HOUSING AUTHORITY
Virginia Toews, Executive Director
Before
SENATOR MELCHER
SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE
Field Hearing

Billings, Montana December 21, 1981

NORTHERN CHEYENNE HOUSING AUTHORITY ISSUES AND RECOMMENDATIONS

Senator Melcher, it is good to see you on home turf again. On behalf of the Northern Cheyenne Tribe, Lame Deer, Montana, I thank you for affording us the opportunity of appearing here today and stating our concerns for survival of the Federal Indian Housing Programs. My name is Virginia Toews. As the Executive Director of the Northern Cheyenne Housing Authority for over a decade and a long time board member of severa Indian Housing Organizations we have come through many a crisis with your help and commitments over the years. Indian housing was always salvaged. We do not expect anything less today as we join the massive outcry of Indian families in dire need of housing not only on the Northern Cheyenne Reservation but nationwide. We therefore voice our protest against the present Administration's endeavor to zero out new low-income housing assistance by Fiscal year 1983 and OMB's intensive efforts of recapturing funds for1981 new construction and rehabilitation. The most crucial issues are:

1. Recent threats from the Office of Management and Budget - see attached excerpts from the Congressional Record, December 7, 1981 (pages S14640 - 48). This tells it like it is! OMB argues that there will be no additional Low Income housing - not even the new recommended voucher system (as recommended by the President's Commission on Housing) and for all 1982 new construction and substantial rehabilitation funds to be rescinded. The newspapers haven't exposed these secrets. If this be-

comes a reality, there will be nothing Tribes and Housing Authorities can do to help people find decent housing. We have over 350 families on our eligible waiting list who at the present time are forced to live with friends and relatives who are fortunate to have housing or have to choose between paying high rent in a substandard unit, keeping up energy-guzzling fuel bills and buying food as life-saving efforts. The only significant decent housing programs for Indians has been the Public Assisted Housing Programs furnished by the Department of Housing and Urban Development (HUD). Private developers and lending firms run into enormous problems because of the complexity and unfamiliarity of laws relating to Indian land and Tribal government. Indian housing programs (HUD) is only 20 years old. The first 10 years produced only a small fraction of units because participating families contributed their labor under the guidance of a Bureau of Indian Affairs (BIA) foreman during construction. It took 10 years to build the first 50 units on Northern Cheyenne Reservation. During the next 10 years we built 473 units when HUD allowed the Authority to construct larger quantities of new housing under the bidding climate. Even so, with the larger scale endeavor (now totaling 523 units) there remains a serious housing shortage for the Northern Cheyennes living today on the Reservation where most homes have from two to four or five families living in them.

2. President Reagan's Commission on Housing, a 25 member team appointed to make recommendations on the federal role in housing, has recommended in their First Interim Report (dated October 16, 1981) that housing vouchers be given very low income people to enable them to pay the rent for decent housing. Where would this leave the Northern Cheyennes when there aren't any houses available no matter what price? In my experience

with other housing authorities nationwide the voucher system would be almost useless because of nonexistent housing stock.

3. Although 4,000 units of Indian Housing has been settled on for FY 1982 by the Conference Committee and hopefully will be supported by the President in a few days, we are concerned that long-term financing be continued through federal assisted housing programs to meet the severe housing shortage for Indians.

HUD's Mutual Help Homebuyer program is the most popular housing program on reservations including the Northern Cheyenne because it meets the exclusive needs of deeply rooted community people. Despite the lack of variety in design, practicing stark economies, squeezing down space, eliminating anything that could be thought of as 'glamorizing', it has been the only substantial program of shelter assistance, other than direct welfare payments, that reached well down the income scale to enable low income families to become responsible homebuyers. At the present time, the purchase of new housing is unattainable for most people, Indian or not, no matter what income because of the high interest rates and economical uncertainty - unless they qualify for one of the special programs such as HUD has for Indian subsidized housing. The Mutual Help Homebuyer program is less costly than any other public housing program because it does not require a maintenance subsidy as do other housing programs such as the Low Rent . It is also the only public housing program requiring participants to retire a portion of the debt themselves.

On November 23, 1981, HUD Central Office hosted a group of Indian Housing leaders to study the appropriateness of the Mutual Help

approach and recommend to Congress improvements, revisions or alternatives to this approach for meeting the housing assistance needs of Indians and Alaskan Natives. HUD finally did their homework and concur with what we have been telling Congress for years - that the Mutual Help Homebuyer program costs the Government less than other subsidized housing (Public or Indian). See attachments of HUD's recent drafts of comparisons.

It must also be emphasized that although construction costs for Indian housing is highly criticized as being excessive, it is not. What is reported to Congress by HUD is per unit cost when actually it should be based upon head count. Public assisted housing is constructed largely for elderly - one bedroom apartments, mostly high rises. Mutual Help housing is constructed for large families - single family units. The Mutual Help Homebuyer program is actually a huge savings to the Government not only because of the many people each unit houses but also heavy emphasis must be placed on a custom that is still practiced by most Indian people, that of housing one or more elderly in their homes. More people per unit represents less costs and where an elderly person is included represents a much greater cost saving to the Government not only for housing but for caring and sharing. The Northern Cheyenne's want a share of the FY 1982 allocation to meet the needs of the neediest at the lowest cost, the Mutual Help Program.

4. The Reagan Administration is attempting an intermediate step of consolidation of federal categorical programs into block grants. The Northern Cheyenne Housing Authority opposes such a move for housing if it would replace long-term financing commitments for

housing from the Federal Government. There is a conspicious absence in all current block grant proposals that I have seen of assurances that low-income Indians (minorities) will be served. If the Block Grant comes to the state, Montana is not pro-Indian leaving our people to the whims of political powers. Further, enormous time delays because of transition from Federal to State or Tribal Government will involve the passage of a whole set of new laws and regulations, and the creation of a bureaucracy - all for a program whose federal appropriations are destined for extinction!

5. And finally, the Northern Cheyenne Housing Authority was bitterly criticized by HUD, Region VIII's Acting Administrator and the Office of Regional Indian Programs for their own in-house problems revealed from an internal audit conducted during 1980 and 1981. I was personally invited to sit in on some of those 'divine revelations' in the Inspector General's office (HUD, Denver) on December 18, 1980. Rather than accepting the blame and cleaning up their act, it was passed on to Indian Housing Authorities in Region VIII by way of a Moratorium declared May 6, 1981. This moratorium made us believe that Custer was still alive. The war was on from all sides - against the Housing Authority. The Tribe was made to believe we were operating in an array of underhanded mismanagement practices through direct correspondence from HUD. The Housing Authority received similar correspondence days after notification to the Tribe. Families selected for Mutual Help project, Mt. 12-15 were on the fight because no construction could take place until HUD satisfied itself that Northern Cheyenne was managed properly, funds were not diverted, expenditures were

controlled and that there was sufficient funds available for repayment of HUD funds - if we owed any. We maintained that we were solvent from the first notification from HUD in May until October when HUD agreed that we do have strict financial control. They then released our Mutual Help project for 25 families and the FY 1981 allocation of 50 more units - AFTER THE CONSTRUCTION SEASON WAS GONE. This translates into a whole new war because now we have to play God and drop one or two of the families we have been working with in site selection, lease procedures, house selection and other critical decisions that only the families can assist in as another construction season passed away into the wide open jaws of inflation. And with OMB breathing constant threats of recission we sit on pins and needles constantly wondering if we will ever experience another construction season. We feel that Region VIII's action on the Northern Cheyenne Housing Authority was inappropriate and was done without due process. If I had not been invited to review some of the items considered critical to program integrity of Indian Housing Authorities in Region VIII because of the mass mismanagement of the Office of Regional Indian Programs itself, I would have considered suicide or turning myself in to the Big House (or Funny Farm, whichever comes first) for believing the accusations that came to the Tribe and later to the Housing Authority from HUD. We were not guilty of mismanagement. We may have program regrets but not guilt.

RECOMMENDATIONS FOR COMMITMENT

1. The Northern Cheyenne Housing Authority (NCHA) recommends continuation of the HUD Indian Housing Program with an annual allocation of 6,000 units. The Bureau of Indian Affairs statistics indicate that annual starts under all Indian housing programs would have to increase by

48 percent just to prevent a further rise in the number of substandard or overcrowded units.

2. The NCHA recommends and requests your commitment for full funding for the Indian Health Service water and sanitation facilities construction to support all housing on Indian lands. This is extremely critical to the 4,000 units already commited for FY 1982.

3. The NCHA recommends that BIA Home Improvement Program (HIP) remain as a categorical program and support services for HUD housing be continued with adequate levels of funding.

4. The NCHA is opposed to a Housing Block Grant for Indians if it would replace long-term financing commitments for housing from the Federal Government. We request your commitment for continued long-term financing until another acceptable housing program is in place.

5. The NCHA requests a commitment that should the Indian Housing program go to Block Grant, that assurance for continuation will be guaranteed by certain dollars approved for Indian Housing on a five or 10 year basis - taking inflation costs into consideration.

6. The NCHA recommends full Tribal and Indian Housing Authority consultation on the development of new proposals for Indian Housing programs.

7. The NCHA recommends that a loan guarantee program be developed for middle income Indian needing housing on trust land.

8. The NCHA requests commitment for HUD to fund Project Mt. 12-15 for full 25 Mutual Help units

9. The NCHA recommends that from now on that HUD be directed to resolve problems and issues with individual Indian Housing Authorities in a satisfactory manner to benefit all parties rather than initiate mass confusion and unrechargeable feelings.

Senator Melcher, we are extremely pleased for affording us the opportunity of appearing here today voicing our concerns in regard to the present and future housing needs of needy Northern Cheyenne's at a time when 70 percent of the Administration's cuts so far have come from programs serving low income people. Thank you for your due consideration of these comments, recommendations and requests.

The Northern Cheyenne Housing Authority

Virginia Toews

Virginia Toews, Executive Director

December 7, 1981
Congressional Record
S14633-48
Excerpts

SENATOR WILLIAMS' SUMMARY AND EXCERPTS FROM WHAT OMB TOLD HUD

OMB'S HOUSING AND COMMUNITY DEVELOPMENT RECOMMENDATIONS

Mr. WILLIAMS. Mr. President, the Office of Management and Budget (OMB) has proposed a series of budget recommendations that can only be described as a near total abandonment of one of the Nation's most basic and long held commitments, that of decent, affordable homes and suitable living environments for our people.

The proposals would bring to a dead halt, almost immediately, any progress toward meeting the country's serious unmet housing and community development needs, at a time when vast segments of the economy are reeling from serious recession. Housing assistance programs, except for commitments in force, would terminate, while worthwhile, successful programs such as the community development block grant program and the urban development action grant program would be crippled right away and snuffed out within two years.

And what bright hope would OMB offer to distressed cities and to needy citizens? Apparently, it would offer only the hope of private charity, self-help, and the President's economic recovery program. This is not hope.

It is a wild-eyed dream that in the real world of today, with a pervasive recession and an 8 4-percent unemployment rate, we could save money through adopting a housing policy that means the nightmare of continued joblessness, and wretched housing conditions for millions of people who have nowhere else to turn but to their Government.

Let me outline some of the recommendations that OMB would have the Congress implement:

First, no additional commitments of Federal housing assistance after fiscal year 1982.

Second, no funding for the modernization of public housing, beginning in fiscal year 1982, except that which can be recaptured from the rescission of funds for new public housing development.

Third, a slash of public housing operating subsidies by 60 percent, with the difference to be made up presumably through rent increases for tenants.

Fourth, no new funding for the troubled projects program, aimed at restoring troubled HUD-insured projects to economic stability.

Fifth, a dramatic cutback in the population served by the FHA insurance programs; with FHA commitments to total no more than $20 billion by fiscal year 1984.

Sixth, the total elimination of the housing counseling program, which is designed to help prevent defaults on FHA-insured dwellings.

Seventh, the elimination of the section 202 housing loan program for the elderly and the handicapped, beginning with fiscal year 1983.

Eighth, the termination of GNMA tandem programs once fiscal year 1983 tandem activity is completed.

Ninth, the total phaseout of the GNMA mortgage-backed security program by 1987.

Tenth, the total phaseout of the community development block grant program by fiscal year 1984.

Eleventh, the total phaseout of the urban development action grant program by fiscal year 1984.

Mr. President, the outrage over the proposals is broad based. Republicans and Democrats alike have reacted with the deepest concern about the havoc that OMB's recommendations would wreak. In fact, the seriousness of the OMB proposals are reflected in the strong protest that the Department of Housing and Urban Development has lodged in an effort to overturn them.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, 1983 BUDGET—1982 SUBSIDIZED HOUSING PROGRAM

	Units	Budget authority
Authority available:		
Permanent authority	NA	$30,397,000
New authority	NA	17,573,526,043
1981 carryover	NA	2,466,471,561
Deobligations	NA	
New construction units		6,946,000,000
Moderate rehabilitation units		2,397,000,000
Total available	NA	29,454,397,604
Use of authority: Public housing:		
Amendments	NA	450,000,000
Lease adjustments	NA	24,800,000
Modernization		1,781,000,000
Sec. 8 housing: Conversions:		
Sec. 23	6,000	188,325,000
Rent supplement, RAP	272,300	6,469,674,000
Amendments:		
New units		2,950,000,000
Loan management		150,000,000
Additional units:		
Transfer to FH loan fund		−1,400,000,000
Rescission		−15,458,502,151
Rent supplement/RAP conversions:		
Rescission in 1982 amended budget		−1,037,000,000
Additional rescission		−4,420,000,000
Total rent supplement/RAP rescission		−5,457,000,000
Total 1982 rescission for subsidized housing		−34,865,502,151

Program: Subsidized new production.
Decision: Consistent with the Department's decision to curtail sec. 8 new construction and substantial rehabilitation activity beginning in 1982, we have proposed a rescission of budget authority for all sec. 8 and public housing new construction and substantial rehabilitation in 1982.

Program: Sec. 8 moderate rehabilitation.
Decision: Do not obligate for 34,000 moderate rehabilitation units in the pipeline which have been "reserved," but not reached "reserved not started" stage. Rescind budget authority associated with those 34,000 moderate rehabilitation units.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SUBSIDIZED HOUSING 1983 BUDGET

Program: Section 8.
Decision: Deobligations of Section 8 Authority:

HUD's estimated $4 billion in Section 8 "recaptures" for 1982 and 1983 has been accepted. These additional resources will be used to finance approved subsidized housing program levels in 1982 and 1983. Appropriated 1982 budget authority or requests for new budget authority in 1983 will be reduced to reflect any excess between the $8 billion in deobligations and approved program levels.

All 1981 carryover budget authority will be proposed for rescission.

Section 8 Amendments for new construction/Sub Rehab:

Amendments will be made in 1982 and 1983 only for approved cost increases (no amendments to increase numbers of units).

HUD will continue to implement its policy of limiting cost amendments to a maximum of an annual 7½% increase above original contract reservation amounts, with an exception only for FAP.

The 1982 amendments for FAP will be limited to $1.4 billion for tax-exempt financed projects. These amendments will be financed from deobligations and FAP amendments for State agency projects will be financed only from deobligations of State agency units. The other conditions governing the FAP decision continue to apply.

Total approved Section 8 New/Sub Rehab amendment program levels are $2.95 billion (including FAP) for 1982 and $1.05 billion for 1983. No amendments are projected beyond 1983.

Section 8 Amendments for Existing:

Amendments budget authority will not be provided in 1982 and 1983 pursuant to the Department's decision to roll back existing FMR's in 1982 and limit future increases in FMR's to 5 percent.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT 1983 BUDGET

Program: Subsidized Housing.
Decision: The Section 8 existing program will be modified as follows in 1983:

(a) A payment standard approach will be used to determine a rental allowance. The payment standard will be set at a level equivalent to the 40th percentile of the distribution of rents for all rental units of standard quality, excluding new units.

(b) Consistent with the rent increase decision, the tenant contribution will be set at 30 percent of cash income plus food stamps, if applicable. No adjustments to income will be assumed.

(c) PHA's will continue to administer the program through payments to landlords.

(d) A minimum 10 percent contribution will be required of participating households.

Program level for 1983 will consists of: (1) replacement of current Section 8 Finders Keepers certificates with vouchers as tenants exit the program; (2) 20,000 vouchers for tenants currently occupying Section 8 new or sub rehab units whose owners are expected to terminate their involvement with the Section 8 program at the time of their 5 year renewal option; and (3) 3,760 vouchers for public housing tenants in projects being sold or demolished.

The bounty vouchers demonstration has been rejected.

The budgetary details for the revised Section 8 existing program are as follows:

Vouchers will be issued for 5 years, with no adjustments for inflation.

The assumed subsidy per voucher per year is $1,800.

When a Section 8 existing certificate is replaced with a voucher, the PHA's ACC will be extended for 5 years at a commitment of $9,000 per voucher in BA; the balance of the BA currently allocated to that PHA will be deobligated and proposed for rescission.

Finally, support for a revised Section 8 Existing (voucher) program is tied to the achievement of the legislative changes to permit rents to be increased at an accelerated pace, and upon deobligation of funds currently obligated in support of the Section 8 new/sub rehab program.

HUD SUBSIDIZED HOUSING INVENTORY—UNITS UNDER CONTRACT/PAYMENT

Status of Units Beginning Year	Fiscal year 1982		Fiscal year 1983		Fiscal year 1984	
	Change	New total	Change	New total	Change	New total
Units reserved						
Units completed						
Units terminated						
Net change					

Department of Housing and Urban Development 1983 Budget

Program: Rent Supplement and Rental Housing Assistance.

Decision: All Rent Supplement and RAP units currently under agreement in FHA-insured or Secretary-held projects should be converted to Section 8 as soon as possible, simultaneously. HUD should attempt to eliminate any HUD obligation to fund Rent Supplement and RAP units that are under contract but on which payments are not currently being made because of vacancy, occupancy by ineligible families over program maximums, or other reasons. For scoring/estimation purposes, it is assumed that 11,000 Rent Supplement units and 13,700 RAP units will be converted as of September 1, 1983.

Units in projects that are not insured by FHA or held by the Secretary will not be converted. The policy for these units is that the Department should not provide any amendments to contracts for units in State-aided projects. If necessary, legislation should be proposed that will specifically relieve the Department from any obligation to amend the contracts on these units for future rent increases. Moreover, HUD should take action (including proposing legislation, if necessary) that will permit the recapture and reduction of funding for Rent Supplement and RAP units in these State-aided projects when the tenants in the units on which subsidies are currently being paid move or otherwise become ineligible for subsidies. According to HUD estimates, payments currently are being made on about 14,400 Rent Supplement units and 20,000 RA units in State-aided projects.

Program: Rehabilitation loan fund.

Decision: If the Sec. 312 program is not terminated in 1982, its termination will be proposed for 1983 with all existing obligations and income being transferred to the revolving fund (operating program). However, no funding or new program activity will be proposed until the backlog of unfunded obligations exceed estimated income for a subsequent 18-month period. Also, a proposal will be made to amend the statute to limit the interest rate to a reasonable level.

Department of Housing and Urban Development 1983 Budget

Program: Housing Counseling Assistance.

Decision: Because of severe budget constraints and the fact that other sources of funds (e.g., Federal CDBG and CHIG funds and local funds) can be used to support this activity, the program will be ended in 1982.

BUDGETARY IMPLICATIONS

[In millions of dollars]

	1982	1983	1984	1985	1986	1987
BA	3-52					
O	1-51	2.85	0.56	0.15		

Department of Housing and Urban Development 1983 Budget

Program: GNMA Tandem Programs.

Decision: 1. Legislation to forgive the net Treasury borrowings of the SAF and EMPA funds will not be proposed at this time.

2. Demand for tandem loan commitments in 1982 should be serviced initially through the use of price mechanisms:

(a) Initial commitment fee of 6 percent.

(b) Purchase price of 98 percent of par.

3. The proposal to terminate the Tandem authorities should be resubmitted once the Tandem activity is completed.

BUDGETARY IMPLICATIONS[1]

[In millions of dollars]

	1982	1983	1984	1985	1986	1987
BA	1,771	1	244	372	451	1,353
O	1,718	1,138	1,397	304	251	1,453

[1] SAF or EMPA accounts.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, 1983 BUDGET

Program: Guarantee of mortgage-backed securities.

Decision: The commitment level of the GNMA mortgage-backed securities program will be set at 138,000 million in FY 1983. The aggregate of fee-for-service commitments will be set at $1,500 or 1% of the amount authorized, whichever is greater. The program is expected to grow by approximately 10 percent each year after 1983.

BUDGETARY IMPLICATIONS

[In millions of dollars]

	1982	1983	1984	1985	1986	1987
Credit limits						
Fee	48,000	38,400	28,000	19,000	9,600	0
Guaranteed	−129	−148	−134	−124	−73	−112

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—SUBSIDIZED HOUSING, 1983 BUDGET

Program: Mortgage interest assistance (sec. 235).

Decision: [illegible] the current direct loan limitation, do not provide any new limitation in 1983.

Program: Urban homesteading.

Decision: The urban homesteading program will continue to be funded only to the extent funded in $10,000,000 of lower tax bill grant for each grant per year.

Program: Sec. 108 loan guarantees.

Decision: No new sec. 108 loan guarantee commitments are to be made effective October 1, 1982. The program is going to [illegible]

Department of Housing and Urban Development 1983 Budget

Program: Section 8:

Decision:

Adopt HUD Recommendation (No. 6) to hold to existing Housing PMR's in 1983 and limit future increases in PMRs to 6 percent.

Adopt HUD Recommendation (No. 6) to set future existing Housing FMR's levels at the 40th percentile rather than the median.

This recommendation has been incorporated into our computation of the voucher payment standard.

Calculate the rent standard using the distribution of all non-newly constructed standard units rather than only those units occupied by recent movers as it is currently computed. This methodological change has been incorporated into our computation of the voucher payment standard.

Adopt HUD Recommendation (No. 8) to reduce the PHA's administrative fee for the non-voucher Section 8 existing program from 8.5 percent of contract rent to 6.0 percent.

Adopt HUD Recommendation (No. 11) for revising the Annual Automatic Adjustment Factors.

Adopt HUD Recommendation (No. 12) to use excess residual receipts from certain non-profit and limited dividend section 8 projects to offset housing subsidy payments.

Program: Tax Incentive for Leasing of Energy Conservation Equipment to Section 202 Housing Projects and Low Rent Public Housing Agencies.

Decision: This **legislative proposal has** been rejected.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—FAIR HOUSING AND EQUAL OPPORTUNITY, 1983 BUDGET

Program: Community housing resource boards.

Decision: No funding will be requested for community housing resource boards in fiscal years 1983 and 1984 for [illegible] [illegible] [illegible]

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by HUD
12/23/81

DEVELOPMENT COST EVALUATION
INDIAN HOUSING

COST CATEGORY	Percent of Costs MUTUAL HELP	LOW-RENT
Site Improvements	12.9%	14.6%
Dwelling Structures	63.6%	67%
Administrative Costs	2.4%	3.3%
Non-Dwelling Structures	2.3%	3.4%
Architect & Engineering Fees	Unavailable	2.9%
Other	18.8% this must be in error	8.9%
Total Development Cost	100 %	100%

SOURCE: Development Budgets for the IHA Sample for Mutual Help Report

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11/23/81

INDIAN HOUSING OPERATING SUBSIDY

Mutual Help Homeownership

FY 1980 $2,020,489

Average per unit month cost $8.00

Turnkey III Homeownership

FY 1980 $907,703

Average per unit month cost $35.11

Low-Rent

FY 1980 Estimate $8,499,268

Average per unit month cost $53.62

SOURCE: Headquarters Request for Fiscal Data per Notice 81-42

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OPERATING EXPENSE EVALUATION
INDIAN HOUSING

COST CATEGORY	AVERAGE COST 1980/% INCREASE 1978 - 1980			
	Old Mutual Help	New Mutual Help	Rental	Turnkey III
Administrative	19.46PUM/ 21.2%	16.98/ 27.37%	26.32/ 19%	21.03/ 47.2%
Total Routine Expenses	29.39/ 12.5%	21.42/ 21.4%	119.67/ 36.5%	32.47/ 14.9%
Utilities			39.12/ 14.8%	
Ordinary Maintenance			41.55/ 31.7%	

SOURCE: Mutual Help Report Sample - Lower 48 Only

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COMPARISON OF EXPENSES BETWEEN INDIAN AND PUBLIC RENTAL HOUSING

	Indian Sample (Excluding Alaska)	National PHA Data Limited to size categories for Indian Housing
Administration	26.32 PUM	17.85 PUM
Utilities	39.12 PUM	37.98 PUM
Ordinary Maintenance	41.55 PUM	27.48 PUM
Total Routine Expenditures	119.67 PUM	108.68 PUM

Source: Mutual Help Report Sample; National Data - Financial Reports

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PERCENT OF FAMILIES WHO PAY ONLY THE ADMINISTRATIVE CHARGE IN THE MUTUAL HELP PROGRAM

IHA	PERCENT OF FAMILIES WHO PAY ONLY THE ADMINISTRATION CHARGE
Choctaw, MS. (166 Mutual Help Units)	30%
TeMoak, NV. (45 Mutual Help Units)	45%
All Indian Pueblo, NM (1,149 Mutual Help Units)	10%
Creek, OK. (1,202 Mutual Help Units)	40%
N. Cheyenne, MT. (146 Mutual Help Units)	66%
Quinault, WA. (66 Mutual Help Units)	30%
Cook Inlet, AK. (88 Mutual Help Units)	45%

SOURCE: Occupancy Audits-Mutual Help Report Sample

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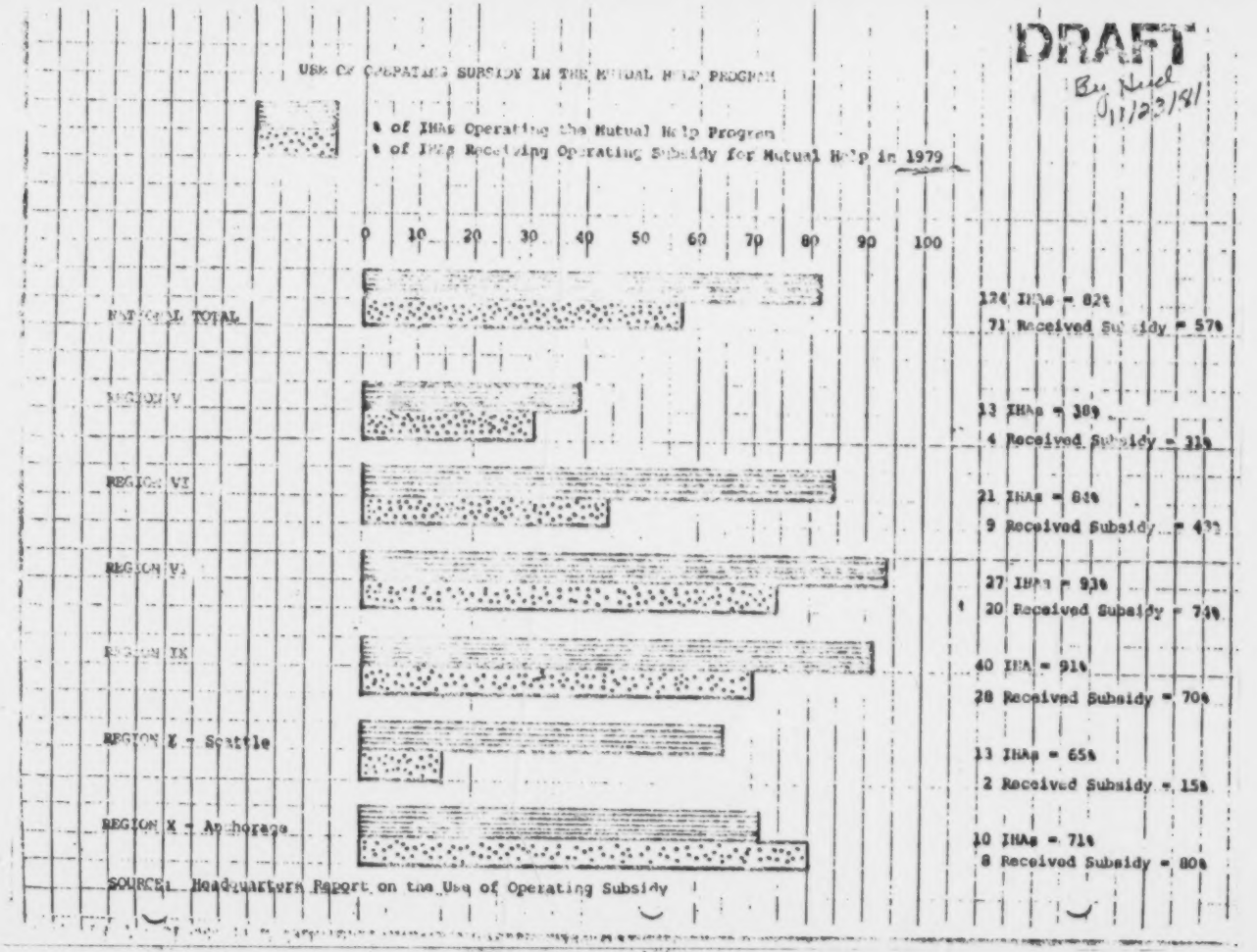
RENT TO INCOME RATIO - HUD INDIAN HOUSING PROGRAM

Program Type	Range of Payment Schedule	Average Percent
Rental	20% - 25%	24%
Old Mutual Help	10% - 25%	20%
New Mutual Help	15% - 25%	20%

Families paying 15% - 25% of income - 46%
Families paying 26% - 35% of income - 28%
Families paying 35% - 50% of income - 13%
Families paying over 50% of income - 13%

SOURCE: Mutual Help Report Sample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USE OF OPERATING SUBSIDY IN THE MUTUAL HELP PROGRAM
% of IHAs Operating the Mutual Help Program
% of IHAs Receiving Operating Subsidy for Mutual Help in 1979
0 10 20 30 40 50 60 70 80 90 100
NATIONAL TOTAL
124 IHAs = 82%
71 Received Subsidy = 57%
REGION V
13 IHAs = 38%
4 Received Subsidy = 31%
REGION VI
21 IHAs = 84%
9 Received Subsidy = 43%
REGION VII
27 IHAs = 93%
20 Received Subsidy = 74%
REGION IX
40 IHA = 91%
28 Received Subsidy = 70%
REGION X - Seattle
13 IHAs = 65%
2 Received Subsidy = 15%
REGION X - Anchorage
10 IHAs = 71%
8 Received Subsidy = 80%
SOURCE: Headquarters Report on the Use of Operating Subsidy

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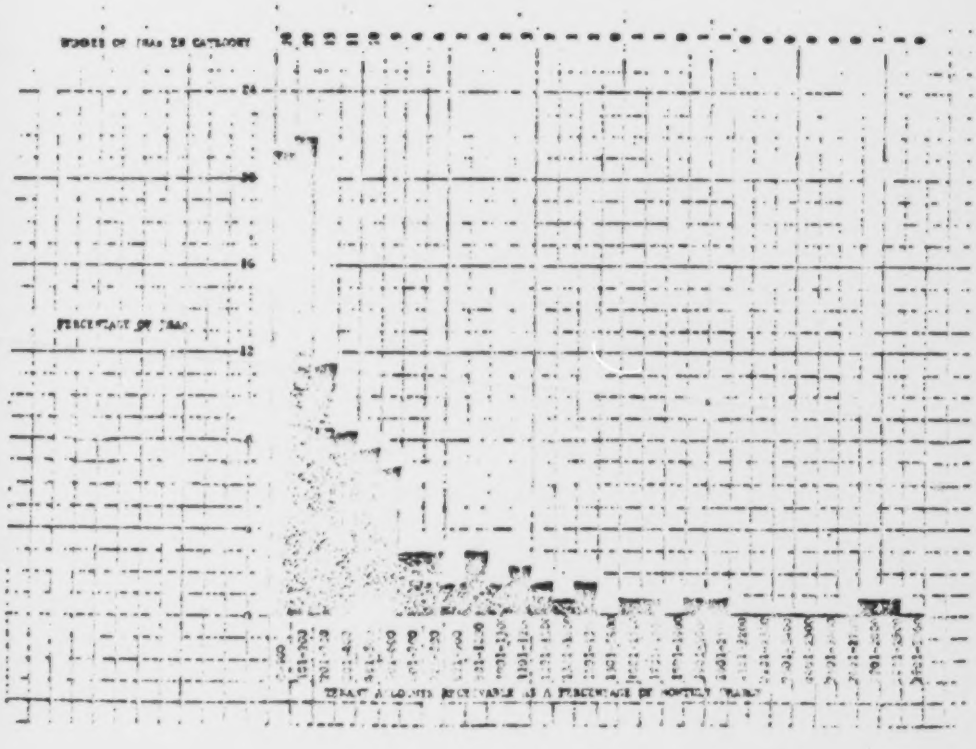
TENANT ACCOUNTS RECEIVABLE (TAR) LEVELS AT INDIAN HOUSING AUTHORITIES

AS OF FISCAL YEAR 1979

Average is 500%



Source: HUD Field Offices

Senator MELCHER. Dallas Howard, director, Fort Belknap Housing Authority.

STATEMENT OF DALLAS HOWARD, DIRECTOR, FORT BELKNAP HOUSING AUTHORITY, HARLEM, MONT.

Mr. HOWARD. Senator Melcher, my name is Dallas Howard. I am the executive director of the Fort Belknap Housing Authority. I would like to introduce to you my tribal business council chairman, Joe Iron Man; and Henry Brocker, another one of our tribal business councilmen, and Mr. Randy Perez, secretary-treasurer of the business council and chairman of our housing authority at Fort Belknap. I also have here Mr. Lame Bull, our attorney, and Dennis Spencer, our fee accountant. We are prepared to answer any questions and furnish orally any type of information you want. I have my assistant director here. We have Diana Bow, another member of the housing authority.

The Fort Belknap Housing Authority thanks the Senate Select Committee for this opportunity to testify and present our opinions concerning the problems of Indian housing. The Acting Regional Administrator of region VIII in Denver has instituted a policy of discrediting local housing authorities which appears to be for the sole purpose of shifting blame for HUD's inefficiency and bungling in administrating Indian housing projects. We feel they have declared a one-man war on Indian tribes.

We have throughout the tribes a 90- to 95-percent unemployment rate. At Fort Belknap, we have an 86- to 90-percent unemployment rate right now, of the 2,300 persons living in the Fort Belknap community.

The Federal bureaucracy redtape has to be streamlined from ACC to turnover. ACC is annual contributions contract. This redtape has resulted in losses of units to Fort Belknap, as Virginia just stated.

On project 1010 we have lost 2 units through inflation and redtape; we have lost 11 units on project 1019. We cannot afford the losses of these units. We have 304 active mutual help applications and under management we have 253 houses of mutual help. We have active files of 250 low rent applications. We have 136 low rent units under management right now.

The local housing authority staff is overworked and underpaid. HUD's reduction in operating subsidies did not result in an equal reduction of the local utility costs. Instead HUD took their reduction in operating subsidy by reducing the maintenance personnel, administrative personnel, and maintenance material costs.

Maintenance material costs budgeted by HUD are averaging $1.20 per unit per month. Salaries are both comparable and prevailing salaries in the departments of HUD. Adequate training and direction of the Indian housing authorities is not provided. HUD's staff is untrained and insensitive to the native peoples' problems and situation. Some are belligerent, sarcastic, and overbearing.

In 1981, we have received 35 units. We had 10 low-rent units in the Montana 1020. We had 25 mutual help units under 1021, which is in a moratorium right now.

Senator, I will be briefly going through some of the recommended solutions. To reinstate the 6,000 units that were previously in the pipeline, HUD must eliminate the existent performance funding system for providing operating subsidies to housing authorities and must come up with a funding system that will provide adequate staffing and decent salary cycles and adequate preventative maintenance on existing units.

HUD must discontinue the termination of new housing construction to allow for much needed homes for Indian families that are without homes and to provide much needed employment.

In the health area; funding for wells have been discontinued or put on hold with the Indian Health Service. Funding to provide for wells and sanitary facilities need to be reinstated at an equal level with HUD funding to provide homes for the families of the Fort Belknap community and various tribes to meet the critical housing shortage.

My concern is for all Native Americans. The treaties say we will be provided with these services until the tribes are self-sufficient in exchange for this North American continent. My advice is to clean up our backyard before we go anywhere else.

Senator, if you have any questions, we are prepared to answer them.

Senator MELCHER. Dallas, did you say that HUD told you that projects under construction would not be allowed to proceed?

Mr. HOWARD. I have a copy of a mailgram here instituting a moratorium. It was dated May 5, 1981. I will read it.

Subject: Moratorium on approval of Indian programs. Effective immediately I am instituting a moratorium on the approval of all housing programs, program reservation, annual contribution contracts, and modernization and community development block grant programs for all Indian housing authorities and tribal grantees in region VIII and Nebraska. These projects under construction or modernization and block grants and 701 planning grants in progress may continue to proceed until further notice. You are hereby instructed not to enter into any new agreements, architect's contracts, construction contracts, et cetera, without approval from me. An analysis of each IHA and grantee's financial condition is now in progress. Current status of open audit and program review findings are being examined. Until this review is completed on your project, no further contracts or grants will be approved by my office.

Senator MELCHER. Did you have anything under construction at the time you received that?

Mr. HOWARD. Yes, we did.

Senator MELCHER. Was it halted or not?

Mr. HOWARD. They did not stop those, no.

Senator MELCHER. OK. Yes, we have a copy. Go ahead.

Mr. HOWARD [reading].

All new housing applications will be continued to be processed. All CBDB applications should be submitted as scheduled. No decision on applications will be made until all reviews are completed. More information will follow upgrading the specifications of this moratorium.

This is signed by Cynthia A. Leon.

I am not down here to go after any individual. Cynthia Leon, she takes orders just like I do. I have people up above me telling me what to do, giving me direction.

Senator MELCHER. You are married, right? [Laughter.]

Mr. HOWARD. Right, I am. She is down here, too. But we do have a question. They create housing authorities to overrun their budgets

in the contracting area. We have our attorney down here to address any—Mr. Francis Lame Bull. They say in the contract under ACC they are supposed to comply within 90 days, which has not been the case in the Fort Belknap operating budget for 1980 and 1981.

Senator MELCHER. Are you current on rent payments to HUD?

Mr. HOWARD. Yes, we are catching up with them. Yes, sir. I have some money here which we got 2 weeks ago. When I get the finances in—we are catching up right now. We have a management improvement plan, and I feel we are over 90 percent in compliance with that right now. We are sending the money back as it comes in from bond sales and correcting paperwork from 7 or 8 years back. I think we are over 90 percent in compliance with the agreement we have with HUD. As a result, they gave me a letter the other day releasing Montana 1019. But, like I said, the bureaucracy and the redtape, we have had to revise the financial feasibility of that program. It was originally 25 low-rent units. Now we have it cut down to 14 low-rent units.

Senator MELCHER. I have heard that called whitetape.

Mr. HOWARD. OK.

STATEMENT OF FRANKLIN ANDY PEREZ, CHAIRMAN, FORT BELKNAP HOUSING AUTHORITY, HARLEM, MONT.

Mr. PEREZ. For the record, my name is Franklin Perez. I am the housing chairman and I am also a council member in my tribal government. I am the secretary-treasurer for the Fort Belknap Indian Community.

My concerns deal with the management between the region VIII and the Fort Belknap Indian Housing Authority. My concerns are the future of housing on the Fort Belknap Indian Reservation; the continuation of future houses for people that are now in need of houses.

In my position as a representative for the individuals on Fort Belknap. There is a great need for future houses on Fort Belknap. As the representative and tribal housing authority chairman, I have the privilege of meeting people that actually participate in these HUD units. There are 3-bedroom dwellings that may have up to 20 people, just to keep themselves in shelter. These people are being represented by me and the housing authority and these particular items are a lot of concern to me and the people on Fort Belknap. The continuation of future HUD homes is needed in the Indian community.

I hope that the intention of the Reagan cuts are not to stop production of units on Indian reservations. They should continue because they are needed. People do appreciate these units. There are units there that are almost as they were built when they were new. I would also say there are units that are probably misused. But I think in general, people on reservations need HUD houses. That is the only way that houses are going to be built for individuals on reservations who do need shelter.

The management between HUD and Fort Belknap is cumbersome in a way. I would like to emphasize that there should be a better understanding between HUD region VIII and the Fort Belknap Housing Authority for dealing with the Federal regulations of future houses.

You talk about the accounts receivable. You know, one solution that we had in mind, that probably worked in some effect but did not work in other effects, is evictions. We are one housing authority within the Indian country that actually took people out of their homes—evicted them for nonpayment. The problem with that is we followed the strict rules, but still the end result was, we were put on the moratorium for future housing.

We do rather good in accounts receivable. We are not as high as other reservations and we need some improvement in that. As a housing board member, I feel that our housing authority has worked hand in hand with the region VIII officials to try to clarify the accounts receivable. That is one issue that we all want to work on and get clarified.

The emphasis that I want to draw upon is continued existence of Indian housing in some form, notwithstanding the Reagan cuts, which, as you know, it may be their intent to eliminate Indian housing authorities and Indian housing. The continuation, I feel, is greatly needed. You know, we as Indian people appreciate it.

I also want to emphasize, as a member of my community, that I am here to represent them, whatever it takes. You know, we need future homes for individuals. There is always a continuation of people being born on the reservation, people moving back to the reservation. I emphasize this because we have the problem where future houses are needed.

I will end with an Indian statement that whatever the cause, I am supportive of future Indian houses on the Indian reservations.

Senator MELCHER. Do I understand correctly that there are 136 units?

Mr. HOWARD. 136.

Senator MELCHER. On mutual self help there are——

Mr. HOWARD. 253 units under program management.

Senator MELCHER. Do you have an application in for new units?

Mr. HOWARD. I asked for 50 units for 1981 and received 25.

Senator MELCHER. Were those constructed?

Mr. HOWARD. No, they are under the moratorium.

Senator MELCHER. So you will renew——

Mr. PEREZ. For that application for 25?

Senator MELCHER. You are going to get only 11 out of that.

Mr. HOWARD. No, under 19–10 we had approval of 25 low-rent units, Montana 19–10 project number. The financial feasibility did not work out, so we reduced it to 14 units.

Senator MELCHER. You lost 11 units there.

Mr. HOWARD. And a prior project lost two. There are others. That is why, at the later date, we would submit written documentation to substantiate and back up what we are saying here for the record.

Senator MELCHER. This covers the 25 units for which you applied. You had to resubmit that because of the cost factor and you got 14?

Mr. HOWARD. Right.

Senator MELCHER. Do you have in another application?

Mr. HOWARD. We have two more. Project Montana 1020, which is 10 low rent units; I asked for 50 low rent units and I got 10. Then we had Project Montana 1021, which is 25 scattered mutual help sites. I asked for 50 and received 25.

Senator MELCHER. Are those all pending right now?

Mr. HOWARD. Yes. And I have one more here. I would like to have Mr. Dennis Spencer, our fee accountant, make a brief statement on the financial end of the housing.

Senator MELCHER. OK. Mr. Spencer.

STATEMENT OF DENNIS SPENCER, ACCOUNTANT, FORT BELKNAP HOUSING AUTHORITY, DENVER, COLO.

Mr. SPENCER. I am with Ram Enterprise. We do accounting and management services for 23 of the tribal housing authorities in this region. A number of the housing authorities we do work for are really in good management shape. They do not have too many problems. The problems they have, they correct. But the person I would like to refer to is General Custer, who declared a one man war on the tribes, and they got hurt as much as the others. They get an operating subsidy for their operations. An operating subsidy covers a part of the utilities. This was cut 14.5 percent last year. HUD has told us orally it will be cut 28 percent this year. They do not cut. They deny pay increases. They cut the maintenance staff. Fort Belknap has two maintenance men to cover 146 units scattered over hundreds of miles. What does this mean? The houses are going to have to become slum homes. They do not do the maintenance.

The operating subsidy system is highly inadequate. It always has been. It is based on ridiculous factors. A letter will be sent at a later date—I will not go into detail on it right now, but the amount of subsidy they get is not adequate enough to cover the costs that are incurred. Fort Belknap right now, in the budget for making its materials and contract costs gets $1.10 per unit per month. They receive the budget on maintenance for one faucet, $15.00. $1.10 per unit per month applies to a lot of housing authorities. They get $4,000, $8,000, $10,000 to maintain hundreds of units. They have to inspect all homeowner units.

The housing authorities had a moratorium declared on them. They have lost a lot of units they can not get under construction right now. All of these units have costs incurred. They have got money owing the architect.

Senator MELCHER. Did you say $1.10 per unit per month?

Mr. SPENCER. Yes. That also applies to Twin River.

Senator MELCHER. Is that for the entire maintenance?

Mr. SPENCER. For the materials and costs, not for payroll, $1.10 per unit. Outside contractors come in and put in the plumbing and electrical.

In the past, what has happened, they have had to use block grant money; money they wanted for other things. They would use block grant money to fix up HUD homes instead of non-HUD homes. As a result, they get unsafe and unsanitary housing.

Prior to the housing authority hiring our firm to do their accounting—I am set up as a CPA firm, and I did do the audit. We had a lot of audit funds. Most of them are clear. Most of them pertain to past accounting, and they are in good shape. They do not have too many problems. The problems they have, they correct. They are very conscientious.

But accounts receivable, they are cut 90 to 100 percent of their collectables every month.

Senator MELCHER. That is pretty good.

Mr. SPENCER. The money they owed HUD on over funding—well, I worked for HUD for 10 years. They process, what we call, a final cost certificate. When they process that, they pay back the money. These certificates were all housing. When they were submitted they sat in the HUD office for 10 years. It was in July 1981 that HUD started asking them for it. They wanted something to back up the moratorium. So they said, hey, you owe us this money.

The same holds true with Fort Belknap on the development fund. HUD owed them more than they owed HUD. I could say an awful lot, but I think I will keep to my 5 minutes right now.

Senator MELCHER. We may come back to you later. Thank you all very much.

I think that is very helpful testimony.

We would like now to have Cynthia Leon, Director of HUD Office of Indian Programs, region VIII.

STATEMENT OF CYNTHIA LEON, DIRECTOR, HUD OFFICE OF INDIAN PROGRAMS, REGION VIII, DENVER, COLO.

Ms. LEON. My name is Cynthia Leon. I am the Director of the Office of Regional Indian Programs in the Denver regional office of Housing and Urban Development. I have been the Director for 2 years. My office is vested with the responsibility of administering HUD programs on the 30 federally recognized Indian reservations—28 Indian housing authorities—in 7 States: Colorado, Utah, Wyoming, South Dakota, Montana, North Dakota, and Nebraska.

I am here at your request to discuss the issues affecting the HUD Indian programs in region VIII.

First, I would like to discuss the history of the Indian housing and community development programs since region VIII was established in 1970.

Prior to 1970, the HUD programs for tribes in Montana, Utah, and Wyoming were administered by the HUD regional office in San Francisco; the tribes in North Dakota and South Dakota by the Chicago HUD office; and those in Colorado by the Fort Worth regional office.

From 1970 to 1975, the Indian programs were administered by HUD's traditional offices within the HUD regional structure; that is, the Offices of Housing and Community Planning Development.

In 1975, region VIII proposed to HUD headquarters the establishment of a separate office of Indian programs. The plan was approved and implemented and the new office of Indian programs was made responsible for the administration of all departmental programs, excluding mortgage insurance on Indian reservations in region VIII. These programs include the rental housing program, mutual help program, modernization and the community development program, including the community development block grant and the former comprehensive planning assistance grants program.

This office was established based upon the acknowledgment and recognition of the special relationship that exists between the Federal

Government and Indian tribal governments and represents a consolidation of program resources and services into one organizational unit that has the responsibility and accountability for program delivery.

In 1980 the department announced an agencywide Indian program reorganization in which the region VIII Office of Indian Programs retained jurisdiction over previously assigned Indian reservations and assumed responsibility for HUD activities on the three reservations in Nebraska.

Since the creation of the Indian housing program, there have been 10,729 units of housing constructed in region VIII. There are an additional 2,334 housing units in the pipeline. The pipeline indicates those units between a program reservation of funds and completion of construction of a housing project.

Additionally, there is an estimated need for 7,860 housing units based upon Indian housing authority waiting lists, BIA surveys and IHA housing surveys which were included on the tribes' fiscal year 1981 housing applications.

In addition to housing development, since 1972 HUD has made $12,358,293 available for the modernization of Indian housing units. Operating subsidy funds to Indian housing authorities accounted for $26,772,216 during the period 1975 through 1981.

During the period 1975–81, the Office of Indian Programs has issued $32,082,000 in community development block grants. The majority of these funds have been provided for such activities as housing rehabilitation, streets, water and sewer facilities and community facilities. In addition, $2,560,291 in comprehensive planning assistance was funded to tribes during the period 1973 through 1980.

Since the inception of the Indian housing program, the development of new housing has been the main emphasis of the Department's activities on Indian reservations. This priority on housing production continued until 1980. During this period, a number of management problems evolved which today confront HUD, the IHA, and the Tribe.

The majority of Indian housing authorities in region VIII are experiencing serious financial problems resulting from poor rent collections, overruns of development and operating budgets and, in HUD's judgment, difficulties in providing effective management.

These severe problems have been caused by:

No. 1. Excessive tenant accounts receivable ($4,732,052 as of October 1, 1981). Some of the factors affecting the high level of TAR's include:

A. Attitude toward rent collections on many reservations. That attitude persists among tenants and home buyers that nonpayment of rent will not result in any action by the IHA. Some persons feel they are entitled to the homes and should not have to pay.

B. Tribal courts are many times not supportive of evictions. Sometimes the tribal judges are related to those being evicted, and/or their positions are subject to political pressures. Frequently, the judges have a lack of understanding of the basic concepts of tenant landlord relations.

C. Lack of tribal council support. Paying rent is not a popular concept and is not supported by tribal leadership in some cases. Some tribal leaders themselves do not pay their rent. Some Federal officials,

mostly BIA/IHS employees, do not pay their rent. A bad example is set for other tenants and home buyers.

D. Placing families into mutual help houses when they cannot afford to pay utilities and administrative and maintenance costs, all of which are required in the mutual help program.

No. 2. Reduction of operating subsidy this year to less than what is eligible under the performance funding system due to lack of funds.

No. 3. Capacity of some IHA staff to administer the program is limited. This is evidenced by some IHAs' inability to follow proper accounting procedures and to maintain appropriate internal financial controls.

Salaries are often not sufficient to provide for top management capacity to manage units built under HUD assistance. Some IHA staffs are removed for political reasons, making the problem even more difficult.

No. 4. Voluminous regulations, handbook requirements, and laws, in addition to tremendous reporting requirements, result in an extremely complex program difficult to administer for IHA staffs.

No. 5. As a result of the above problems, funds have been misused and significant amounts of debts to HUD, to the IHA's and to other parties have been built up: $2,493,090.55 to the Department and $618,083 owed to the Indian Housing Authority, if one does not count tenant accounts receivable of $4,732,050 owed to the IHA's.

All of these problems were brought to a head in many audits done on region VIII Indian housing authority operations. There was also an acknowledgement by HUD that the situation had gotten out of hand due, in part, to HUD's failure to monitor properly.

The time had come for IHA's to develop sound financial management techniques for operating their housing authorities and for HUD to insure program integrity through better monitoring and technical assistance.

To deal with these problems I have discussed today, HUD developed a strategy to deal with these issues.

On May 1, 1981, we notified each tribe and Indian housing authority in region VIII that an indepth review and analysis was being performed of the financial condition and program compliance of each reservation's HUD-funded program.

The tribes and IHA's were notified at that time that no further approvals of housing and community development programs would be made until all reviews were completed. This action affected only new funding commitments. During this review process, housing projects and community development programs were permitted to proceed to certain critical decision points; but determinations regarding continuation beyond these critical points and decisions regarding new funding commitments were made on a case-by-case basis if immediate action was necessary. Projects already under construction or implementation were not affected.

On July 31, 1981, each tribe and Indian housing authority was notified of the conclusions resulting from the review. In the process of performing these reviews, we developed a strategy for Indian housing authorities and community development agencies. The strategy, also sent to the tribes and housing authorities on July 31, 1981, required these entities to take specific actions toward achieving programmatic

and financial integrity in both their housing and community development programs.

Those tribes and housing authorities which, in response to the review, could demonstrate program and financial integrity in both their housing and community development programs were permitted to proceed with their housing projects and their community development program. All other tribes and housing authorities were required to develop and submit a management improvement plan designed to address and correct specific program and financial deficiencies.

The management improvement plan to be developed was to include a statement of the major problems and their causes, identification of tasks to be undertaken to correct the problems, a work program outlined specific actions to be taken, a time schedule for the implementation of the corrective actions, and a statement of the anticipated results expected for each task and goal identified. At this time the Office of Regional Indian Programs has approved nine housing management improvement plans and two community development management improvement plans. All other plans are in various stages of review, revision, and discussion between our office and the Indian housing authority or community development office in question.

Key facets of the technical assistance program to develop and implement management improvement plans will be the zeroing in on repayment plans for debts owed to the Department, internal controls, tenant security deposits, excess funds investments, tenant files, poor tenant selection, control of budget overruns, poor counseling of tenants, ineffective tribal court systems, lack of interest by the tribal governments and the attitude of the tenants toward rent payments.

The development of good management improvement plans by each Indian housing authority and tribal grantee, in concert with a realistic effort to achieve those goals developed, should result in better managed and more effectively administered HUD programs on the Indian reservation.

In the coming months, the Office of Regional Indian programs will dedicate its time and efforts toward fulfilling seven major initiatives, and we have already started many of these.

No. 1. To develop financially sound Indian housing authorities and community development block grant grantees through a comprehensive approach to technical assistance through the use of management improvement plans for housing and community development.

No. 2. To assist the Indian housing authorities and tribes in developing and implementing repayment plans for legitimate debts owed to the Department of Housing and Urban Development and to others.

No. 3. To implement ongoing program requirements as outlined by the handbook and regulations in order to minimize the occurrence of fraud, waste, and mismanagement. This includes normal reviews such as community planning and development monitoring visits, engineering surveys, occupancy audits and management reviews.

No. 4. To close out all outstanding audit findings and implement recommendations required by the headquarters and the Office of Regional Inspector General for audit. And this is our effort as to deregulation.

No. 5. To review current requirements with our clients to determine which are requirements really necessary for the efficient operation of

Indian programs internally and with our clients and to suggest changes to headquarters.

No. 6. To make program funding decisions in fiscal year 1982 in concert with the goals of tribal and Indian housing authority integrity, financial solvency, and need.

No. 7. To establish close working relationships with our client groups in order to understand more fully the breadth of the problems and to jointly develop better solutions.

I believe that with the emphasis in these seven areas, we will be in a position to move to HUD programs which function on the reservations in an efficient, effective way.

Senator Melcher, I would like to thank you and the members of your committee for allowing me the opportunity to make this presentation today. I am prepared to respond to any questions you might have at this time. Thank you.

Senator MELCHER. Cynthia, when was this moratorium imposed; about May 1?

Ms. LEON. Yes, sir.

Senator MELCHER. There was a memo from Gerald Hannon that referred to the "Recent auditing program and reviews." Is this the same audit that was released in July?

Ms. LEON. Yes, sir.

Senator MELCHER. Did you agree with the audit or would you agree with the audit?

Ms. LEON. Yes; some of the findings are correct. I really believe some of them are an adequate perception of what some of the deficiencies were in the office at that time. A lot of the deficiencies were pointed out when I assumed this job on January 1, 1980. I started at that time to change the thrust of the department—if we could just be in an honest discussion here—of this whole concentration of building units, 80 percent of 10,000, were built in the period 1970 to the present time. So the thrust was there, and I recognized that, and my job was to instill program integrity and financial solvency at that time. The audit was conducted by OIG 6 months after I arrived there and was for a several year period, going back 5 or 6 years.

In April, when the draft audit appeared, coupled with the thrust of the new administration to have an immediate program integrity and debt collection and that kind of thing; all this hit at once. I think that was the reason why at that particular point in time it was decided to do something drastic about the situation. I think my efforts during fiscal year 1980 to collect rents, which I know you have heard about, was the major thrust of our housing allocation strategy. This change in direction was already focused, but enough still had not been done because we were still getting a lot of IPA audits—individual audits on individual housing authorities—compounded with this neglect on the part of the department. It was not malicious neglect. We were trying to provide housing at all costs at that time regardless of management. I am just being honest here about the situation. And the situation just got to a head with the transition to a new administration and its priority on program integrity and debt collection; release of this audit; and the worsening fiscal situation of the housing authorities; that something had to be done right then and there; and

I think that is the best honest explanation I can give for what was done at that particular time.

Senator MELCHER. Well, at that time, however, were there any other non-Indian housing programs in region VIII frozen?

Ms. LEON. I did not concern myself with that. I had enough concern with myself with my particular position.

Senator MELCHER. You do not know whether there were or not?

Ms. LEON. I believe the emphasis of closing audit findings and debt collection is an across-the-board HUD concern. However, it is my understanding that other program offices were not experiencing the same severity of the problem as the programs on Indian reservations in this region.

Senator MELCHER. Well, as a result of that freeze, how many units did we lose?

Ms. LEON. First of all, it was not a freeze. It was a review. Moratorium was really the wrong word to use at that particular instance because we did continue all those programs that were already under construction. Even after May 1, when we began our reviews, we allowed Indian housing authorities with good performance to go ahead with their programs. We are still continuing to monitor the performance of Indian programs, and we may cancel or go ahead with all the units in the pipeline, depending on the IHA's performance.

Senator MELCHER. What I am really after, though, is for example the situation at Northern Cheyenne. If it were not for the moratorium there would have been 25 units under construction this past season.

Ms. LEON. That is a good question. I really do not know the answer. I would have to go back and do a review of that particular thing. What we did was review each situation on a case-by-case basis. Those that were ready, with all the plans and specs and all that were ready for us to make a decision, we made a decision. I do not remember Northern Cheyenne's case at this particular moment. I could get back to you and let you know whether they had all the paperwork, the environmental assessments, and all that is required before we made a decision.

Senator MELCHER. It is our understanding they did: Everything was set. Except for the moratorium, they would have had them under construction and far enough along so they could be working inside on them now and completing them.

[Subsequent to the hearing the following comment was received from Ms. Leon.]

It is difficult to say whether the 25 units at Northern Cheyenne would have been started in 1981 without the "freeze." Northern Cheyenne was given the go-ahead October 1, 1981, to resume processing. Yet as of now, several months later, we still do not have a set of plans and specifications that are approvable. The ones submitted so far are not designed with cost-effective construction in mind. The architect is having to go back and make some design changes. It is difficult to say with certainty whether these changes could have been made and the project could have proceeded in 1981 had it not been for the review and subsequent delay. However, it is not correct to say that the project was ready to go to bid at that time. It still is not ready to go to bid.

Senator MELCHER. I wish you would let us know about the Northern Cheyenne specifically because it is our impression they had everything cleared and were set.

Some of these programs were put into moratorium without regard to their relative competency. Does that not seem wrong to you now that the reviews are completed; that some were found to be well managed and solvent and the moratorium in effect was really an unfair imposition?

Ms. LEON. Well, we felt in order to be fair to everybody, we needed to do the same kind of comprehensive review on every single reservation. It may have been wrong. I do not know. But we felt at that particular time that we should not leave anybody out from scrutiny in this review.

Senator MELCHER. Well, finally, in this regard, this is not the last question, but we were under the impression that the audit was completed in December, a little over a year ago, or about a year ago, and a draft was prepared by March of 1981. I wonder why it took so long to release it. April, May, June, July, 4 months, it was released July 31. Do you know why it took so long?

Ms. LEON. You need to ask the Office of Inspector General. I really do not know, sir.

Senator MELCHER. Well, do you have a policy of an audit every 2 years?

Ms. LEON. That is correct. It is changing to every year now for those housing authorities that have financial problems.

Senator MELCHER. It is an audit of every authority; is it not?

Ms. LEON. An audit is required every 2 years.

Senator MELCHER. Then the ones where you have a problem are audited every year?

Ms. LEON. We just received a memorandum from headquarters outlining HUD policies for Indian Housing Authorities; including the requirement to audit financially troubled IHA's on an annual basis.

Senator MELCHER. Well, you pretty well knew which ones were in trouble anyway, did you not?

Ms. LEON. Well, we lacked a lot of good information, because some of the housing authorities' failed to submit accurate and timely financial reports.

Senator MELCHER. This was not some sort of a scheme just to hold down housing and prevent outflow of any obligation of the Federal Government, was it?

Ms. LEON. No, sir; not on my part.

Senator MELCHER. I know not on your part.

Ms. LEON. I do not know. I can make a commitment to you that was not the intent as far as I am concerned.

Senator MELCHER. But you think it was not the policy of HUD?

Ms. LEON. I think it was just the desire to gain immediate attention to the problem.

Senator MELCHER. Well, it seems an odd coincidence that the program review reports are submitted to the Indian housing authorities dated July 31, 1981, the same date as the audit was released.

Ms. LEON. That, again, is coincidence. I am just telling you, honestly, it is a coincidence.

Senator MELCHER. Pure coincidence.

Ms. LEON. I do not think we received the audit in our office, until the first week of August or so.

Senator MELCHER. You were not aware when the Inspector General's report was going to come out?

Ms. LEON. They dated it July 31, but I do not think we got it until the following week or so.

Senator MELCHER. You were not aware ahead of time when it was coming out?

Ms. LEON. Oh, no, it had been a year old already at that point. They had completed the audit in August of the previous year.

Senator MELCHER. It is really peculiar it was held up so long. Whose Inspector General was that?

Ms. LEON. Well, it is the same one we have now. It is Mr. Dempsey.

Senator MELCHER. Was he held over?

Ms. LEON. Well, he was released and asked back. Of course, he was not the regional man who did the audit. But he is the one for HUD.

Senator MELCHER. He is the Inspector General for HUD?

Ms. LEON. That is correct, in Washington.

Senator MELCHER. Is he any meaner now under Reagan than he was under Carter?

Ms. LEON. They must have thought so, sir.

Senator MELCHER. Well, after you got the audit report from the Inspector General, what internal steps were taken by HUD other than the requirement that tribes submit management improvement plans?

Ms. LEON. Well, we had already initiated several actions based on the draft audit which was issued in April.

Senator MELCHER. Management improvement plans?

Ms. LEON. We had a draft copy of it, like you were aware of. And we had already made some internal changes. I removed one person from a position of chief of finance and put somebody else in there. I also hired a lot of qualified staff before then that had experience at the housing authority level, you know, in trying to upgrade the skills of my personnel. This was my major thrust, trying to get qualified people that could provide quality technical assistance. Concentrating on getting reports from IHA's on a timely basis so we could get a better understanding of what the situation was all about, conducting reviews and monitoring site visits as required by handbooks, those are the kinds of things that we immediately initiated at that point.

Senator MELCHER. How could it happen that $1.10 per month for low rental units in Fort Belknap would be deemed adequate for a maintenance contract—they use the term "maintenance and contract obligation"—maintenance, materials, and contract costs. How could that ever happen?

Ms. LEON. I am not intimately familiar with it.

Senator MELCHER. I am asking you this because you tell me you are upgrading the personnel. How could that have ever happened?

Ms. LEON. Well, I would assume that what has happened is that the housing authority has limited resources, maybe not collecting the full amount of rent. There must be some cuts somewhere and the fixed costs are things like utilities. So, what can be cut are things like maintenance and administrative staff. He indicated those particular areas.

Senator MELCHER. We can all guess about how it got in there. But how could anybody in this business think that the Federal investment

in this low-income housing could ever be protected and held together with $1.10 per month? Why does that not stick out so big and so obvious when people are looking over these things, that it would just flash a red light immediately? Is that what you mean when you say you are trying to get some personnel who know what they are doing about this because this sort of thing is just absolutely guaranteeing that rental property would go into disarray.

Ms. LEON. I agree. I have your concern. It is just where you cut, and I will have to look in the particular case of Fort Belknap. I can guarantee you, I will, but I am just trying—there are so many line items that are necessary, like utility costs that have to be paid. Then what is left over is sort of prorated. Maybe we will pay $10,000 for the executive director, which is not sufficient; I brought that out in my testimony. The salaries we pay are not attracting—maybe in some cases, because of a commitment to the tribal housing program or whatever, but the salaries are not there, because there has got to be some cuts somewhere to make the operations go. And, if you are not collecting 100 percent of your rent, that also affects it. So, I agree, it is a bad situation, and I do not know what to recommend to solve it.

[Subsequent to the hearing the following comment was received from Ms. Leon:]

According to the current HUD-approved low rent operating budget for Fort Belknap, the cost for maintenance and contract costs is $30.06 per unit month. I do not know where the $1.10 figure came from. Perhaps the housing authority had to cut back because of a shortage in collections. However, since collections at Fort Belknap were about 89 percent of charges, it is inconceivable to me that they would have had to make that kind of a reduction. Most probably the figure of $1.10 per unit month is in error.

Senator MELCHER. This is included in part of the subsidy for this purpose, and it is a very necessary part of the subsidy in order to protect the investment.

Ms. LEON. Right. I agree.

Senator MELCHER. Well, we will draw it to HUD's attention. I hope you will, too. We want to come at it from two directions.

Ms. LEON. I think that is a good idea. As you know, we were only funded 85.5 percent of the required operating subsidy, which I understand is being amended to the full 100 percent.

Senator MELCHER. Is that for fiscal 1982?

Ms. LEON. Fiscal year 1981 they were funded at 84.5 percent.

Senator MELCHER. For fiscal 1982 they will fund at 100 percent?

Ms. LEON. No, my understanding is that a recent amendment would provide for the total 100 percent of fiscal year 1981 requirements.

The Secretary made a commitment that the $148 million shortfall between 84.5 and 100 percent of what should have been obligated under the performance funding system, which is the operating subsidy mechanism, was going to be funded. Now, I do not know if they are going to take this off the top in 1982 to make up what is required for 100-percent funding in 1981. Do you understand?

Senator MELCHER. Yes, I understand now.

Ms. LEON. That is my understanding of what the situation is.

Senator MELCHER. As a paycheck for 1981.

Ms. LEON. For 1981. I do not know what is projected for 1982. Maybe you all can tell me.

Senator MELCHER. We are going to get a better handle on it because we want to know what can be done.

Ms. LEON. Because if there is less operating subsidy, there are billions of dollars of assets out there that will not be protected.

Senator MELCHER. We will be very foolish if we do not protect that investment.

Ms. LEON. That is correct. But that is why the community development block grant, modernization program exists. We spent a lot of our money for rehabilitation and modernization of housing units. But, it should probably be done on an ongoing basis with a maintenance program which is required under the operating subsidy, which is not sufficient.

Senator MELCHER. What will be the criteria used by region VIII for allocating fiscal year 1982 moneys?

Ms. LEON. Sir, we have not anticipated any units for 1982. Until the issue of rescission is settled between the administration and the Congress, we do not anticipate new units and we are not doing any planning to date to assume that responsibility. But, we will definitely use the criteria that is outlined in the regulations—the nine criteria in the regulations on management capacity would be definitely one; and need, definitely another. We feel like we have a handle on what is going on. Progress on the management improvement plans would definitely be another.

Senator MELCHER. What would region VIII's share of 4,000 be?

Ms. LEON. I do not know. Headquarters has an estimate of our need as well as we do. We usually got about 1,000 units when there were 6,000 units available. So proportionately, maybe 800 units or 700 units.

Senator MELCHER. I see you got 1,000 to 1,100 units when you had 6,000 units per year?

Ms. LEON. So I would say maybe 800 or 750; depends on what the final figure is.

Senator MELCHER. Well, when does region VIII start thinking about this?

Ms. LEON. I guess we do now, sir.

Senator MELCHER. What about this question of the Indian housing money having to be used for water and sewer systems hookup for housing already in the pipeline? That is an OMB recommendation. Do you know anything about it?

Ms. LEON. Not too much.

Senator MELCHER. Well, you have a great deal of experience and knowledge on this subject. What are your personal views? What would you say, just personally, not as region VIII director, about how you would improve Indian housing in this area?

Ms. LEON. This is not going to be for the record.

Senator MELCHER. No, it need not be in the record.

[Discussion off the record.]

Senator MELCHER. Thank you very much, Cynthia.

Ralph Keeble, Sisseton-Wahpeton Housing Authority.

STATEMENT OF RALPH KEEBLE, EXECUTIVE DIRECTOR, SISSETON-WAHPETON HOUSING AUTHORITY, SISSETON, S. DAK.

Mr. KEEBLE. Senator, I would like to thank you for allowing me this opportunity to give some oral testimony. For the record, the authority has some written material to be submitted. Also, I would like to read a brief paragraph from Moses Gill, who is the chairman of the board of commissioners for the Sisseton-Wahpeton Housing Authority.

Incidently, I am the executive director for the Sisseton-Wahpeton Housing Authority, and we are becoming increasingly concerned with HUD actions that reflect on us as an Indian housing authority.

We have enclosed for your review, Senator, a letter from the tribal chairman, Sisseton-Wahpeton Sioux Tribe, Mr. Rollin Ryan, who, I believe, gave oral testimony this morning.

We have Executive Resolution 82–18 from the tribe, which is enclosed. We have a position paper which was prepared jointly by the tribe and the housing authority.

Also, we have enclosed for your review the secondary stage for MIP, the management improvement plan that the Office of the Regional Indian Programs requested us to submit, which we are presently negotiating with HUD.

The chairman of the board, on behalf of all the commissioners, states that our major concern is for the future of Indian housing and the possible deterioration of existing housing, should assistance be denied. That assistance, I believe, can be pointed out in our material as a declaration of position that we have established with the tribe and as an Indian housing authority. I will read the declaration of position, and the five points it contains.

No. 1, the Reagan administration has not fully informed itself in regard to Indian housing issues, stressing rather budget reductions, and not realizing the detrimental effects of this action.

No. 2, the proposal to eliminate subsidizing the Indian housing authorities shall result in unburdening low-income tenants on an impoverished local reservation economy which lacks industry and jobs to provide employment to low-income families.

No. 3, locally, the Sisseton-Wahpeton Housing Authority is the principal source of housing. The area's private sector financially is unable to provide needed housing for low-income families.

No. 4, the State of South Dakota and its agencies ought not to be expected to assume the responsibility of administering the tribal housing authority pursuant to a block grant program. Such a proposal is counterproductive to the entire tribal thrust of Indian self-determination and would forfeit tribal responsibility.

No. 5, the termination of the Indian housing program again would demonstrate the gross abrogation of Federal trust responsibility to Indian tribes.

Senator, I would also like to include for the record the short-term goals which we would like to see accomplished. They are outlined in our management improvement plan on the last two pages of our written material which was submitted for the record. We want two pro-

gram reservations that have been on line since 1979; the 1979 housing allocations which involve 35 units of mutual self-help. The authority would like to have those units released for construction. They are tentatively tied up in our management improvement plan, an acceptable management improvement plan by HUD.

Second, we are looking, as our board of commissioners chairman pointed out, for the continuation of subsidized—100 percent—housing to maintain our existing units. We have lost in our budget this year a 14.5-percent reduction in subsidy, approximately $64,470. We have lost three maintenance positions. The authority administration has been reduced by approximately $9,000.

Third, the authority, would like to draw attention to, which is in the HUD regulations, basically how we set up our operating budget. The subsidies we receive are based on a performance funding system. The authority had to pay back approximately $139,000 out of this year's operating subsidy. We paid an additional $8,000 back, through development funds paid for by development costs. We have paid $8,758 to close out all existing modernization programs.

The authority feels we have proved ourselves and accordingly, our financial obligations to HUD, to the Federal Government, and to the office of regional Indian programs. The performance funding system only allows an 8-percent increase in expense level. In the projected fiscal year 1982 budget the authority has cited an inflation on the expense level of insurance up to 30 percent. We are asking some attention be brought to this.

Also, in effect we had an application for 43 units of low rent for 1981 housing allocation. That was rejected. We are waiting very patiently and we have adopted the position of negotiating with HUD, but they have consistently come back to us for more information, more detailed information, information HUD–ORIP have. It did not take the authority 1 year to be in a financially troubled position. It took 10 years since the first project was completed.

The authority is, also, concerned with the comprehensive improvement assistance program, the modernization program, outlined for fiscal year 1981. We have an approved funding level for $450,000, and yet it is being tied in with the management improvement plan, an acceptable management improvement plan. HUD will be holding those funds until we reach agreement on an MIP. HUD wants budget cuts. The Federal Government wants to terminate the Indian housing program yet if we do not get an acceptable MIP in, they want to take our modernization funds. The authority is confused and concerned.

I guess I could go on and on, Senator, but I think it is sufficient to say that we are very concerned. We have the total support of our tribal government. We have worked very hard this past year of 1981, from January 1981 to December of 1981. We have reduced our accounts receivable significantly, and according to my records, as I put them together, we stood at 126 percent, 26 percent over and above our total rental collections. Which, to me, in HUD strategy, said we had to reduce them by 10 percent. We have collected an additional 26 percent beyond.

Senator MELCHER. That does seem odd to me. You are negotiating with them the type of management program they want, but some of

the funds are being held up that were for modernization: is that the right term?

Mr. KEEBLE. Yes. For 1981 allocation we attended a session in Denver; a training session, where ORIP read us through their technical assistance as far as I am concerned. ORIP read through the regs and told us, hey, this is how you do it. Now, we go back and put together the program. I am not complaining. I can understand that Mrs. Leon has a difficult task ahead of her. But one thing I would like to point out in the ORIP audit report, funds were allocated to Indian housing authorities in financial trouble for years, practically encouraging them to spend these (MOD) funds so IHA's could have the opportunity to put development programs into operation. Thereby HUD/ORIP are condoning violations of program integrity and are an extension of financial problems encountered now by many Indian housing authorities.

Senator MELCHER. Well, you are developing this management plan?

Mr. KEEBLE. Yes.

Senator MELCHER. What were those funds? I think you mentioned $400,000.

Mr. KEEBLE. $450,000.

Senator MELCHER. Modernization?

Mr. KEEBLE. Yes, comprehensive modernization.

Senator MELCHER. On what units would those go?

Mr. KEEBLE. Those would be on project—for our project we have them listed project SD–15–1, which would be 100 units of low rent housing.

Senator MELCHER. Yes, that is your original 100 units?

Mr. KEEBLE. Yes, first project completed, 1970.

Senator MELCHER. Which would enhance their value?

Mr. KEEBLE. Yes. It is to modernize them.

Senator MELCHER. It is a big investment. One hundred units is a big investment, and you would improve them which would protect their value.

Mr. KEEBLE. Senator, that is correct. We have an estimated $25 million dollar investment in our area. We have 534 units total.

Senator MELCHER. 534 total units over the past 10 years. Well, I hope this straightens out very quickly, because it does not seem to me we can afford just to stand still and not take care of these units. There are two phases to this. You would like some more units, I understand that. I want to see more housing available. But the other phase is looking at what is already there, and whether or not we have programs that are going to take care of them and keep their value up. None of this property stays in good shape unless it is maintained, modernized, rebuilt, refurbished periodically, and it is very essential for HUD to do that.

Mr. KEEBLE. Yes. We have addressed, I think, our concerns. I might point out, too, in the HUD financial analysis of our housing authority, HUD indicated that the future financial outlook for this authority, IHA in this case, was for eventual insolvency. It seems that HUD is unaware of our problems. We, HUD–ORIP–SWHA cannot bring them together.

Senator MELCHER. Yes. Thank you very much, Ralph. The material you submitted will be made a part of the record at this point.

[The material follows. Testimony resumes on p. 103.]

SISSETON-WAHPETON HOUSING AUTHORITY

P. O. Box 307

SISSETON, SOUTH DAKOTA 57262

December 17, 1981

Senator John Melcher
Select Committee on Indian Affairs
6313 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Melcher:

Enclosed, are material submitted for your review and assistance in addressing the problems initiated by President Reagan's proposal to terminate Indian Housing Programs. The material consists of the following:

1. A letter from the Sisseton-Wahpeton Sioux Tribal Chairman.

2. Executive Resolution No. 82-18.

3. Position paper prepared jointly by the Tribe and Housing Authority.

We are, also, enclosing a management improvement plan to help clarify pertinent issues affecting the Sisseton-Wahpeton Housing Authority.

Our major concern is for the future of Indian Housing and the possible deterioration of existing housing, should assistance be denied.

Respectfully,

Moses Gill, Chairman
Board of Commissioners

Code 605
Phone 698-3911

Sisseton-Wahpeton Sioux Tribe
Lake Traverse Reservation
P. O. Box 262
Sisseton, South Dakota 57262

OFFICE OF THE TRIBAL CHAIRMAN

December 14, 1981

Mr. Ralph Keeble
Executive Director
Sisseton-Wahpeton Housing Authority
P.O. Box 307
Sisseton, South Dakota 57262

Dear Mr. Keeble:

Enclosed find the Sisseton-Wahpeton Sioux Tribe's Resolution and position paper which opposes the proposal from the Reagan Administration to terminate the federal housing program or eliminate subsidies for Indian housing authorities in Indian Country.

I am shocked at the naivete of such a proposal. At the same time, I am convinced that there is both time and available Indian expertise in Indian Country to work out a viable solution to reducing federal spending while not jeopardizing the Indian housing program.

You are herein authorized to advocate our position on this matter with our friends in Congress and the National Indian Organizations.

Sincerely,

Rollin V. Ryan
Tribal Chairman

Enclosure

SISSETON-WAHPETON SIOUX TRIBE
OF THE

EXECUTIVE RESOLUTION

WHEREAS, The Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Reservation is organized under a Constitution and By-laws adopted by the members of the Tribe on August 1-2, 1966; approved by the Commissioner of Indian Affairs on August 25, 1966; and,

WHEREAS, Article VII, Section 1, (a), (g), and (h) of the Constitution authorizes the Tribal Council to: (a) represent the Tribe in all negotiations with Federal, State, and local governments; (g) to take any action by ordinance, resolution or otherwise which are reasonably necessary, through committees, boards, agents, or otherwise, to carry into effect the foregoing purposes; and (h) to promote public health, education, charity, and other services as may contribute to the social advancement of the members of the Sisseton-Wahpeton Sioux Tribe; and,

WHEREAS, The Tribal Council of the Sisseton-Wahpeton Sioux Tribe created the Sisseton-Wahpeton Housing Authority in the year 1968 for purposes of obtaining and maintaining housing for low and moderate income families on the Lake Traverse Indian Reservation; and,

WHEREAS, The Tribe's Housing Authority has constructed 534 units of housing for low and moderate income families numbering 3204 people; and,

WHEREAS, The Reagan Administration in an effort to reduce the federal budget has proposed the termination of the Department of Housing and Urban Development's Indian Housing Program.

NOW, THEREFORE, BE IT RESOLVED, by the Sisseton-Wahpeton Sioux Tribe that strong opposition is herein declared against the proposal to terminate the federal Indian Housing Program or to terminate the Department of Housing and Urban Development's program of subsidizing the Indian Housing Program.

EXECUTIVE RESOLUTION NO. 82-16
December 15, 1981
Page 2

CERTIFICATION

We, the undersigned duly elected Chairman and Secretary of the Sisseton-Wahpeton Sioux Tribal Council do hereby certify that the above resolution was duly adopted by the Sisseton-Wahpeton Sioux Executive Council, which is composed of 3 members, of whom 3 members, constituting a quorum, were present at an Executive Council meeting duly noticed, called, convened and held at TiWakan Center, Sisseton, South Dakota, on December 15, 1981, by a vote of 3 for, 0 opposed, and that said Resolution has not been rescinded or amended in any way.

Dated this 15th day of December, 1981.

Carol J. Jordan, Tribal Secretary
Sisseton-Wahpeton Sioux Tribal Council

ATTEST:
Pollin V. Ryan, Tribal Chairman
Sisseton-Wahpeton Sioux Tribal Council

POSITION PAPER OF SISSETON-WAHPETON SIOUX TRIBE AND SISSETON-WAHPETON HOUSING AUTHORITY REGARDING THE PROPOSAL OF THE REAGAN ADMINISTRATION TO ELIMINATE THE INDIAN HOUSING PROGRAM

DECLARATION OF POSITION:

The Sisseton-Wahpeton Housing Authority, and Indian Housing Authority from Sisseton, South Dakota, together with the Tribal government of the Sisseton-Wahpeton Sioux Tribe vigorously opposes the current proposal from the Reagan Administration to eliminate the Indian Housing Program, for the following reasons:

1. *The Reagan Administration has not fully informed itself in regard to Indian housing issues, stressing rather budget reductions and not realizing the detrimental effects of this action;*

2. *The proposal to eliminate subsidizing the Indian Housing Authorities shall result in unburdening low income tenants on an impoverished local reservation economy which lacks industry and jobs to provide employment to low-income families.*

3. *Locally, the Sisseton-Wahpeton Housing Authority is the principal source of housing. The area's private sector financially is unable to provide needed housing for low-income families;*

4. *The State of South Dakota and its agencies ought not be expected to assume the responsibility of administering the Tribal Housing Authority pursuant to a block grant program; such a proposal is counterproductive to the entire thrust of Indian self-determination and would forfeit Tribal responsibilities;*

5. *The termination of the Indian Housing Program again would demonstrate the gross abrogation of federal trust responsibility to Indian Tribes.*

JURISDICTION OF SISSETON-WAHPETON HOUSING AUTHORITY

The Sisseton-Wahpeton Housing Authority of Sisseton, South Dakota, has the following Projects under management:

Project #	# OF UNITS	TYPE	AGE OF PROJECT
Project SD-15-1	100 units	Low Rent	10 yrs.
Project SD-15-2	80 units	Low Rent	9 yrs.
Project SD-15-3	60 units	Low Rent	8 yrs.
Project SD-15-4	35 units	Low Rent	6 yrs.
Project SD-15-5	15 units	MSH	4 yrs.
Project SD-15-6	25 units	MSH	3 yrs.
Project SD-15-7	90 units	Low Rent	2 yrs.
Project SD-15-8	55 units	Low Rent	2 yrs.
Project SD-15-9	16 units	MSH	1 yr.
Project SD-15-10	58 units	Low Rent	9 mos.
Total:	534 units		

Projects under development:

Project SD-15-11	15 units	MSH
Project SD-15-12	20 units	MSH
Total:	35 units	

For proposed Project SD-15, the Sisseton-Wahpeton Housing Authority has submitted applications for forty-three (43) units, Low Rent. These projects are pending Program Reservation and notice to proceed, from HUD.

SOCIO-ECONOMIC STATUS OF LOCALITY

A. Population and Indian Housing:

The 1980 U.S. Census listed the following population outlay for three of the seven counties on the Lake Traverse Reservation in which the Housing Authority has 534 low-rent and MSH housing units:

COUNTY	WHITE	INDIAN	PERCENT INDIAN	LOW-RENT	MSH	TOTAL
Roberts	8,770	2,119	19.42%	340	43	383
Day	7,669	455	5.59%	75	9	84
Marshall	5,115	287	5.31%	63	4	67
	21,554	2,861	13.27%	478	56	534

B. Employment:

In April, 1981, the Bureau of Indian Affairs in its annual labor force report identified the following labor-employment statistics for the reservation:

	Potential Labor Force	1981	Male	Female
1.	16 years and over	1,279	804	475
2.	Those Employed	556	318	238
3.	Those Not Employed	713	486	227
4.	Those Seeking Work	293	206	87

At the time of the Bureau of Indian Affairs' labor force report, the majority of tribal members employed worked at the following places of employment:

1.	Sisseton Wahpeton Sioux Tribal government and its corporations and entities:	425
2.	Bureau of Indian Affairs	34
3.	Indian Health Service Hospital & Clinic	55
4.	Private and other employment	42
	Total Employed	556

Due to the current federal reductions in programs and federal administration, the December 14, 1981, employment situation is as follows:

1.	Sisseton Wahpeton Sioux Tribal government and its corporations and entities	180
2.	Bureau of Indian Affairs	23
3.	Indian Health Service Hospital & Clinic	52
4.	Private and other employment	11
	Total Employed	266

Accordingly, the September 1, 1981, Labor force report is amended to reflect the following:

	Potential Labor Force	1981
1.	16 years and over	1,279
2.	Those Employed	266
3.	Those Not Employed	1,013
4.	Those Seeking Work	720

For the new federal fiscal year of 1982, beginning on October 1, 1981, the Sisseton-Wahpeton Sioux Tribe in its federal contract and grant administration received minimally a 25% reduction in tribal government operations, which again significantly reduced employment for tribal members.

The reservation economy especially in the three county area herein treated lacks an industrial or manufacturing base. Economically, the three county area in northeastern South Dakota is depressed especially for Tribal members. Employment is not available in the generally accepted manner that can be found in other industrial segments of the country.

SUMMARY CONCLUSIONS

The impact of unemployment on the operation of the Sisseton Wahpeton Housing Authority then becomes evident especially in regard to the basic issue of terminating Indian housing programs.

This impact can be appreciated in considering the following factors:

1. The Sisseton IHA submits to and accepts the fact that from October 1, 1981, until January 6, 1984, the economy of its jurisdiction shall be severely depressed having an average unemployment rate of 65 to 82 percent for Tribal members. From January 1, 1969, until January 1, 1981, the local economy was increased due to the tribal government of the Sisseton-Wahpeton Sioux Tribe's success in expanding dramatically in health and socio-economic federal grant and contract programs which provided employment to Tribal members. The current federal emphasis requires reduction of government; hence, the local economy which has been federally dependent predictably can be counted on to drop to severe depression.

2. The Tribal government of the Sisseton-Wahpeton Sioux Tribe bases its operation on total federal dependency; and, hence totally lacks the financial capital to loan or grant sufficient funds to the Sisseton IHA for subsidy or other needs. In 1969, the total corporate Tribal land base of the Sisseton-Wahpeton Sioux Tribe amounted to 850 acres. Beginning in 1974, the Tribe began borrowing funds from the Farmers Home Administration. In 1980, these FmHA loans amounted to $4,250,000. Approximately 18,000 acres of land were acquired with these funds. The Tribe is required to make an annual payment for interest and principal on these loans. The Tribe will be free of FmHA loan obligation by the year 2015. Lands unencumbered by FmHA mortgage have been set aside for community development purposes, especially low-rent cluster and MSH housing. Lease income accordingly is obligated. Tribal commercial enterprises consist of a Tribal farm operation, welldriller company, utilities commission, and grocery store, all of which are subsidized by federal sources and depend on federal outlays for continued operation. The reduction of federal programs will detrimentally impact these commercial ventures. Tribal efforts in attracting and securing industry and manufacturing have been ineffective due to the following factors:

   1. The unwillingness or lack of financial capacity of local banks to provide loans for up-front development costs;

   2. The unwillingness of county and city governments in the reservation area to cooperate with the Tribe in bringing industry to the area;

   3. The maximized use of the dollar on the reservation by the area which is derived from federal programs and subsistence level agricultural economy;

   4. An inferior transportation system on the reservation; the railroad is in near ruins, Interstate No. 29 is not completed, and the total lack of commercial airlines on the reservation;

   5. The required infrastructure for the industrialization processing is lacking: the local schools are racially turbulent, hospital and medical care is primitive, and social and cultural life is impoverished.

   The real challenge for the Tribal government of the Sisseton-Wahpeton Sioux Tribe amounts to an issue of self-survival for itself and its people. Its IHA is no different. It needs federal support and subsidy.

SUPPORT OF SISSETON WAHPETON SIOUX TRIBAL GOVERNMENT

While the Tribal government of the Sisseton Wahpeton Sioux Tribe lacks financial capacity to assist the Sisseton Wahpeton Housing Authority, it does have governmental authority to enforce and provide certain support services so as to strengthen the Housing Authority's administration and management programs. These support services include but are not limited to the following:

1. *Tribal legislative endorsement of Housing Authority policies affecting Tribal members who are tenants, especially in regard to rental and home-ownership payments, collection of delinquent rental payments, and Tribal court processing of evictions;*

2. *Tribal law enforcement services extended to the Housing Authority's low-rent housing sites on a more stable basis by assigning police officers to each site so as to provide constant law enforcement services which shall result in reducing vandalisms and reduce repairs to housing units;*

3. *Tribal requirements shall be established that require tenants who are delinquent in rental or homeownership payments to attend Tribal adult education classes in budgeting and consumer economics;*

4. *Continued technical assistance from the Tribal Planning and Development Department in improving the management and administration of the Housing Authority;*

5. *The Tribal Council shall require monthly reports from the Housing Authority on the status and condition of the authority.*

It would be difficult to impossible to establish such a support system by a State Agency.

SISSETON-WAHPETON HOUSING AUTHORITY

-P. O. Box 307

SISSETON, SOUTH DAKOTA 57262

December 8, 1981

Ms. A. Cynthia Leon
Director
Office of Regional Indian Programs
Dept. of Housing & Urban Dev.
Executive Tower-1405 Curtis St.
Denver, Colorado 80202

Dear Ms. Leon:

In reference to your letter dated November 12, 1981, concerning the Sisseton-Wahpeton Housing Authority (MIP), the Sisseton-Wahpeton Housing Authority has made its efforts to repay the amounts owing HUD in the past six months in the following ways.

1. $139,292 was repaid through operating subsidies and a direct cash payment from operating funds.

O/S	124,752
O/F	14,540
	$139,292

2. Over $8,000.00 was repaid through the use of development funds paid for development cost.

3. $8,758.00 of modernization funds have been spent to complete outstanding modernization programs.

4. Accounts Receivable have been reduced since May, 1981 as follows:

	Rental	MSH	NMH
May	176,158	16,533	3,905
Nov.	141,741	10,428	2,533
Decrease	34,417	6,105	1,372
Decrease %	19.5%	36.9%	35.1%

The Sisseton-Wahpeton Housing Authority feels that without the reinstatement of the 14.5% shortfall and continued 100% funding of operating subsidy, it cannot develop an alternate plan for repayment because of the following:

1. Tribe cannot provide financial support, see MIP, paragraph 3.2.

2. Insurance cost increase over past three years at a rate of 30%, the Performance Funding System (PFS) only increase the expense level at 8%. This has taken $2.50 PUM away from operating expenses. (2.50 x 5736 = 14,340)

3. Projection for next three years for insurance is 100% increase with an annual inflation increase of 8%, the Sisseton-Wahpeton Housing Authority will lose an additional 5.00 PUM (5.00 x 5736 = 28,680).

4. The 14.5% decrease in O/S causes a $64,525 shortfall.

5. Proposed for fiscal year 1983 is funding at 68% - this will cause another shortfall of at least $142,400.

Based on the above, the Sisseton-Wahpeton Housing Authority cannot make any further commitments at this time as to remaining amounts owed.

The Sisseton-Wahpeton Housing Authority will continue to reduce expenses, and pursue collections.

Since these efforts reflect a substantial payback and reduction of Accounts Receivable by Sisseton-Wahpeton Housing Authority, it is our request that HUD now take the following actions:

1. Release Project SD-15-11 and SD-15-12 to proceed to construction.

2. Assurance the $450,000 CIAP be approved.

3. That HUD approve an adjustment of the PFS expense level to allow for the cost of insurance as prescribed in Chapter 24, 890.108 (d).

Sincerely,

Executive Director
Ralph H. Keeble

Moses Gill, Chairman
Board of Commissioners

cc: Tr. Execs
Tr. Council
Ricardo Lopez, Prog. Rep.
Files
B of C

TO: for file

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REGIONAL/AREA OFFICE
EXECUTIVE TOWER - 1405 CURTIS STREET
DENVER, COLORADO 80202

REGION VIII

NOV 12 1981

8OF IN REPLY REFER TO:

RECEIVED NOV 16 1981 SWST

Mr. Moses Gill
Chairperson
Sisseton Wahpeton Housing Authority
P. O. Box 307
Sisseton, South Dakota 57262

Dear Mr. Gill:

The Office of Regional Indian Programs (ORIP) has completed its preliminary review of the Management Improvement Plan (MIP) for the Sisseton Wahpeton Housing Authority (SWHA). The review reflects certain actions and conditions that need to be addressed before approval can be made of the agreement as included in the Sisseton Wahpeton's MIP.

The following summary responds to the "Repayment Proposal" as submitted:

1. The suggested repayment plan for $41,476 by the SWHA cannot be conditioned on the premise that the Department of Housing and Urban Development (HUD) will reinstate the 14.5 percent operating subsidy which would provide 100 percent Fiscal Year 1981 operating subsidy. We cannot assume that the 14.5 percent shortfall will be made up since there is no firm information to indicate this. An alternate plan for repayment must be developed by the Indian Housing Authority (IHA) which reflects the reality of the circumstances involved.

2. HUD approved operating budgets for the Sisseton Wahpeton IHA on October 15, 1981. HUD withheld $124,752 (the low rent insurance premium due HUD), from the total funding of the operating budgets. This part of the repayment proposal has been complied with.

3. As stated in the repayment proposal, the IHA must remit the sum of $14,540 as repayment of the mutual self help insurance premium immediately.

4. A firm schedule should be developed delineating time frame and method of repayment on a quarterly or other basis for all funds due to HUD by the IHA over the proposed next three year period. The schedule should also include an identification of the funding source for payment. Your last proposal agreeing to reduce expenses for operation of the agency to the level of rent collections plus subsidy rendered is acceptable.

HUD will take no action on, nor concur, in the proposed MIP until the above information is submitted. The release of allocation of units on Projects SD 15-11 (15 conventional mutual help) and SD 15-12 (20 conventional mutual help) will be reviewed upon approval of the SWHA MIP.

AREA OFFICE
DENVER, COLORADO

Please respond to the MIP issues as soon as possible. If you have any questions, please contact your Program Representative, Mr. Ricardo J. Lopez, at (303) 837-2861.

Sincerely,

A. Cynthia Leon
Director
Office of Regional Indian Programs

cc:
Honorable Rollin Ryan, Tribal Chairperson

REPAYMENT PROPOSAL

The Sisseton Wahpeton Housing Authority hereby agrees to:

1. Repay 41,476.00 three year insurance premium immediately provided the Department of Housing and Urban reinstate the 14.5% reduction in operating subsidy.

2. Allow Department of Housing Urban Development to deduct $124,752.22 Insurance Premium (80-83) from Sisseton Wahpeton Housing Authority 1982 operating subsidy.

3. Repay $14,540.00 Mutual Self Help Insurance Premium from operating funds immediately.

4. The balance of funds owed by the Sisseton Wahpeton Housing Authority from development, MSH equity payments, HUD advances will be set up on a three (3) year payback beginning July 1, 1982.

5. The Sisseton Wahpeton Housing Authority agrees to reduce expenses for operations to the level of collection plus operating subsidy.

Signed Ralph N. Keeble, Sept 25, 1981
Ralph H. Keeble, Executive Director
Sisseton Wahpeton Housing Authority

A. Cynthia Leon, Director, ORIP
Department of Housing and Urban Development

The Department of Housing and Urban Development should agree to:

1. A one (1) year waiver of $13.50 set-aside for insurance for FY 81.

2. Reinstatement of 14.5% reduction of operating Subsidy

3. Repayment of three (3) year payback plan will be terminated if Department of Housing and Urban Development does not fund 100% operating subsidy during the three (3) year payback period.

4. Release of 1979 allocation of 35 units MSH, so construction car begin as soon as possible.

Signed: A. Cynthia Leon, Director, ORIP

Signed: Ralph H. Keeble, Sept 25, 1981
Ralph H. Keeble, Exec. Director
Sisseton Wahpeton Housing Authority

SISSETON-WAHPETON HOUSING AUTHORITY

P. O. Box 307

SISSETON, SOUTH DAKOTA 57262

August 31, 1981

Rollin Ryan, Tribal Chairman
Sisseton-Wahpeton Sioux Tribe
P.O. Box 209
Sisseton, SD 57262

Dear Mr. Ryan:

The Sisseton-Wahpeton Housing Authority due to DHUD cutbacks in operating subsidy (14.5%) and the demand of a $139,728.00 Insurance Premium for three (3) year period, (80-83) will be set back seriously in its' operations.

The Housing Authority has no other recourse but to cut back in its' budget. Reference to this proposed cut is enclosed for your review.

The recent completion of a Management Improvement Plan (MIP) prepared jointly with the Tribal Planning Department has set down specific goals to be accomplished. The inclusion of employment figures to the MIP should play a major role in receiving any understanding on the part of DHUD. And, should play a major negotiating factor to any settlements with DHUD - ORIP.

Plans for the S.W.H.A. cutbacks have been set into motion. The Housing Authority will make every effort to keep operations intact, despite the reduction of our staff. The Board of Commissioners and the S.W.H.A. would like to request assistance of the Tribal Government, if possible, to help offset maintenance requirements and further administrational requirements (personnel).

The Housing Authority would like Congressional in-put and will seek such aid through Mr. Daschle and Mr. Pressler's offices. However, added support given by your office would be of valuable assistance and give added clout. The problems on the local level of this Housing Authority seem not to reach entirely to the National level.

The S.W.H.A. wishes to thank your office and that of the Tribal Planning Department in providing technical assistance so decidely needed. The Housing Authority looks forward to a continuous open-minded relationship with the Tribal Executives and those programs being administered by all concerned.

Thank you,

Ralph H. Keeble
Executive Director
Ralph H. Keeble

Enc.

cc: B of C
Files
Tribal Council
Tribal Planning
Tribal Secretary
Tribal Treasurer

SISSETON-WAHPETON HOUSING AUTHORITY

P. O. Box 307

SISSETON, SOUTH DAKOTA 57262

August 31, 1981

Ms. A. Cynthia Leon
Director
Office of Regional Indian Programs
Dept. of Housing & Urban Development
Region VIII
Executive Tower - 1405 Curtis St.
Denver, Colorado 80202

Dear Ms. Leon:

Enclosed, for your review and acceptance is MIP for the Sisseton-Wahpeton Sioux Tribe "Community Planning and Development". And, the MIP for the Sisseton-Wahpeton Housing Authority.

The Housing Authority will forward to your office further correspondence in connection with MIP as needed.

The Internal Functions of the Sisseton-Wahpeton Housing Authority will be seriously upset, but given time and the on-going technical assistance of ORIP. The Housing Authority looks forward to proving program integrity and improving all aspects of its' operation.

Sincerely,

Ralph H. Keeble

Executive Director
Ralph H. Keeble

Enc.

cc: Files
Tribal Execs
Tribal Council
B of C
R. Lopez-Prog. Rep.

Code 605
Phone 698-3911

Sisseton-Wahpeton Sioux Tribe
Lake Traverse Reservation
P. O. Box 262
Sisseton, South Dakota 57262

OFFICE OF THE TRIBAL CHAIRMAN

August 28, 1981

A. Cynthia Leon
Director
Office of Regional Indian Programs
Department of Housing and Urban Development
Regional/Area Office
Executive Tower
1405 Curtis Street
Denver, Colorado 80202

REF: "MIP For Community Planning and Development"

Dear Ms. Leon:

The Sisseton-Wahpeton Sioux Tribe hereby submits its "MIP for Community Planning and Development" as required in your letter dated July 31, 1981.

August 26, 1981, the Tribal Planning Department met with Mr. Ricardo Lopez, Program Representative on the matter, and informed him of our intentions of referring to your letter, page 5, as our "MIP for Community Planning and Development" inasmuch as the Tribe does not owe funds to HUD-ORIP as noted below.

Community Planning and Development

1. *Based on financial audit findings and other information, the Tribe appears to owe HUD the following amounts:*

Program	*Amount Due HUD*
701 Planning - NA	*$-0-*
CDBG - NA	*-0-*
Public Facilities Loans (PFL)	*-0-*
Public Works Projects (PWP)	*$-0-*

2. *The last audit, dated June 4, 1979, resulted in no open findings. An independent public accountant is conducting a current audit on two grants.*

3. The CDBG management has been competent in the administration of five prior grants.

However, rest assured the Tribe will address, resolve if any open findings arise from the current audit on the two grants noted above.

We sincerely feel this letter will serve as our "MIP for Community Planning and Development".

If you have any questions, please feel free to call my office.

We have cooperated in developing the MIP for the Sisseton-Wahpeton Housing Authority for your review.

Sincerely,

Rollin V. Ryan
Tribal Chairman
Sisseton-Wahpeton Sioux Tribe

MANAGEMENT IMPROVEMENT PLAN

PREPARED BY A

JOINT EFFORT OF THE

SISSETON WAHPETON SIOUX TRIBE AND

THE SISSETON WAHPETON HOUSING AUTHORITY

SISSETON, SOUTH DAKOTA 57262

ROLLIN V. RYAN, TRIBAL CHAIRMAN

MOSES D. GILL, CHAIRMAN,

BOARD OF HOUSING COMMISSIONERS

AUGUST 28, 1981

93-263 O - 82 - 6

SISSETON-WAHPETON HOUSING AUTHORITY

P. O. Box 307

SISSETON, SOUTH DAKOTA 57262

INTRODUCTION TO

MANAGEMENT IMPROVEMENT PLANS

FOR SISSETON-WAHPETON HOUSING AUTHORITY

The Authority and Tribe have been requested to enter into a new Management Improvement Plan (MIP) to specifically address certain management and financial areas which need improvement. They do so now in the spirit of cooperation and with the expectation that HUD will commit itself to improving its program monitoring and providing additional technical assistance. Recently HUD forwarded to the Authority and Tribe a financial and programatic analysis containing certain allegations regarding Authority operations. At the request of HUD the Authority and Tribe have reviewed HUD's figures and conclusion. In general, we believe the review was misleading and in some cases may have been inaccurate. We have identified specific objections and corrections in the body of this Agreement. The Authority and Tribe, however, are eager to address in cooperation with HUD those other areas that we mutually agree to be legitimate matters of serious concern.

The Authority and Tribe must note at this time that they continue to object to the establishment and any continuation of HUD's suspension of new development activities. Also, the Tribe declares that its involvement in assisting the Authority in improving housing program management is not in any way a Tribal assumption of the Authority's legal or financial obligations and responsibilities, and that the Tribe's execution of this Management Improvement Plan cannot be construed as a Tribal assumption of Authority debts.

SISSETON-WAHPETON HOUSING AUTHORITY

P. O. Box 307

SISSETON, SOUTH DAKOTA 57262

The embodiment of the following financial categories in the MIP is referred to in Introduction of MIP of the Sisseton-Wahpeton Housing Authority.

Section 1.1
1.2
1.3

The Housing Authority's intent is to negotiate with the Department of Housing and Urban Development.

SISSETON WAHPETON SIOUX TRIBE AND

SISSETON WAHPETON HOUSING AUTHORITY

MANAGEMENT IMPROVEMENT PLAN

CATEGORY: Housing

ITEM #1. REPAYMENT OF DEBTS OWED DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1.1 Statement of Problem:

The Office of Regional Indian Programs (ORIP) as well as the Sisseton Housing Authority's Fee Accountant's firm Ram Enterprises have identified and verified that $_____ is owed to the U.S. Department of Housing and Urban Development. Specially, these obligations include the following:

1. Excess development financing for:
   a. _____
   b. N/A
   c. _____
   d. _____

   Amount: _____

2. Insurance Premiums for:
   a. _____
   b. N/A
   c. _____
   d. _____
   e. _____

   Amount: _____

4. Old Mutual help equity payments for:
   a. _____
   b. N/A
   c. _____

   Amount: _____

4. Residual receipts, initial operating period income and other payables for:
   a. _____
   b. _____
   c. N/A
   d. _____
   e. _____

   Amount: _____

5. Tenants' Security deposits for:

a. _____
b. _____
c. _____
d. _____

N/A

Amount: _____

6. Excess modernization financing for:

a. _____
b. _____
c. _____
d. _____
e. _____

N/A

Amount: _____

1.2 Statement of Cause of Problem:

The problems identified above were caused in part by the following contributing factors:

1. Inadequate number of administrative personnel in the Authority during the time the above referenced debts were incurred;

2. During times of development and construction no provision was made in the Authority for additional administrative staff to handle development activity, hence day to day operation of the Authority tended to be neglected, resulting in oversight or application of funds for ineligible activities;

3. Level of communication in the Authority between the previous Executive Director and his board, Fee Accountant, ORIP, and Tribal Council was extremely low, resulting in the accumulation of debts, known only to everyone else except the Board and Tribal Council;

4. Lack of a ORIP federal presence in the Housing Authority contributes to mistakes of the type identified above. Preferrably, HUD ought to assign a full-time "Agent" to the reservation so as to assist the Authority in staying in compliance with complex HUD regulations.

1.1 Statement and Identification of General Tasks to be Undertaken:

The Sisseton Wahpeton Housing Authority herein proposes a repayment plan based on actual capabilities of the Authority itself to repay debts owed the Department of Housing and Urban Development:

1. Current income derived from rental and homebuyer payments per/month:

   October 10, 1981 - Per Month Amount:_____
   Total 12 Month Amount:_____

2. Authorization from the Authority to HUD to withhold_____percent of monthly subsidy to repay debt:

   October 10, 1981 - Per Month Amount:_____
   Total 12 Month Amount:_____

3. Authority shall establish a "debt-surcharge" for all rental and homeownership units which shall be set at _____percent of each contract to be collected monthly:

   October 10, 1981 - Per Month Amount:_____
   Total 12 Month Amount:_____

4. Total amounts for 12 month Periods from #2, 3 = _____

   A. Amount to be paid to HUD for:
      1. October 10, 1981 - October 9, 1982: _____
      2. October 10, 1982 - October 9, 1983: _____
      3. October 10, 1983 - October 9, 1984: _____
      4.
      5.
      6. _____

   Total Repayment .....

1.4 STATEMENT OF WORK PROGRAM, ACTIONS, TIME SCHEDULES, AND RESULTS OR ACCOMPLISHMENTS:

ACTIONS:	TIME-FRAME	RESULTS-ACCOMPLISHMENTS
1.4.A. The Authority and Fee Accountant shall verify and negotiate with HUD the actual amount owed HUD.	1.4.A. To be completed by September 10, 1981	1.4.A. An actual mutually agreed upon amount owed HUD will be established.
1.4.B. The Authority and Fee Accountant shall establish firm amount of income to be derived from rental and homeownership payments per month and per year.	1.4.B. To be completed by October 10, 1981	1.4.B. Actual income amount from rental and HSH units shall be established.
1.4.C. The Authority and Fee Accountant shall negotiate with HUD percentage of subsidy to withhold to repay debt on a monthly and annual basis.	1.4.C. To be completed by October 10, 1981	1.4.C. An actual repayment schedule from subsidies shall have been established.
1.4.D. The Authority and Fee Accountant shall determine and establish a "debt-surcharge" established at a percentage rate for each tenant/HSH contract and establish monthly and annual income to be realized for debt repayment purposes.	1.4.D. To be completed by October 10, 1981	1.4.D. An actual repayment schedule from debt-surcharge shall have been established.
1.4.E. The Authority and Fee Accountant shall determine and establish a monthly and annual repayment schedule over a multi-year period concluding with total repayment year.	1.4.E. To be completed by October 10, 1981	1.4.E. Actual targets for repayments shall have been established.
1.4.F. For steps 1.4.A. to 1.4.E., the participation of the Board shall be established and endorsed	1.4.F. To be completed by October 10, 1981	1.4.F. Repayment plan shall be officially endorsed and supported by the Authority's Board of Commissioners, with no future deviations allowed.
1.4.G. The Authority shall direct a newspaper campaign explaining the current problem and resolutions taken to meet debt obligations.	1.4.G. To be completed by October 10, 1981	1.4.G. The public shall have been informed.
1.4.H. All contracts with tenants/HSHs shall have been renegotiated to include actual rental/HSH monthly payment plus surcharge, to become effective for payments beginning for October 1981.	1.4.H. To be completed by October 10, 1981	1.4.H. System of payments shall have commenced.

ITEM #2. FINANCIAL MANAGEMENT AND OPERATIONS

2.1 Statement of Problem:

The Authority needs to complete with CRIP a cash budget, based on the Authority's collections. Secondly, the Authority in light of repayment of debt plans must schedule a 25% cut, at a minimum, for operating expenses. Thirdly, to meet the demands of insurance payments, the Authority needs to increase for administrative charges from the MSHs an increase from $20. to $30. Fourthly, and most essentially, the Authority needs to realistically separate its accounts and form a cost-effective accounting system, particularly with respect to low-rent tenant collections, based on actual collections. Fifthly, the Authority must re-appraise the capacity of those MSH accounts which fail to meet payments, and convert such units to low-rent units.
TENANTS

2.2 Statement of Causes of Problems:

The Authority over the years has neglected to establish a management by objective (MBO) operation, and instead has operated from crisis to crisis situation. Office management personnel must function in accordance with management objectives as established by policies, which once established cannot be deviated from.

2.3 STATEMENT OF WORK PROGRAM, ACTIONS, TIME SCHEDULES, AND RESULTS OR ACCOMPLISHMENTS:

ACTIONS:	TIME-FRAME	RESULTS-ACCOMPLISHMENTS
2.3.A. The Authority and Fee Accountant shall negotiate with ORIP-HUD a cash budget based on collections.	2.3.A. To be completed by November 10, 1981	2.3.A. Cash budget shall have been set for the year until September 30, 1982.
2.3.B. The Authority shall schedule a 25% cut, based on an approved budget for operating expenses.	2.3.B. To be completed by October 10, 1981	2.3.B. Operational level shall have been established.
2.3.C. The Authority shall re-negotiate all MSH accounts and contracts for a minimum 5% increase so as to meet insurance obligations, [redacted]	2.3.C. To be completed by October 10, 1981	2.3.C. Insurance obligations shall have been determined and set for the year.
2.3.D. The Authority together with its Fee Accountant shall separate its accounts, assign specific tasks to personnel, based on actual collections.	2.3.D. To be completed by October 10, 1981	2.3.D. The Authority's accounting system shall have been systematized, following an MBO approach.
2.3.E. The Authority shall convert those MSH [redacted] that cannot meet obligations to rental units.	2.3.E. To be completed by October 10, 1981	2.3.E. Conversion shall have been achieved so as to derive a stable income.

ITEM #3. COLLECTION OF ACCOUNTS RECEIVABLE

3.1 Statement of Problem and General Remedies:

The Authority for the past 9½ months has had the unpleasant task of re-establishing rental/MSH charges based on verified income; and, this task must be completed. The Authority is committed to maintaining the 90% level of current collections, utilizing the recently approved practice of payroll deductions from Tribal government, BIA and IHS employees as well as direct payment of rent from welfare agencies to the Authority. Secondly, the Authority needs to adopt a policy with regard to past and delinquent charges, consisting of two essential remedial actions:

1. For those who are gainfully employed by the Tribal government, BIA or IHS, garnish wages through payroll deduction for a two-year period or until the person's past and delinquent charges have been recovered. Accounting in the Authority must reflect this income.

2. For those who have lease income or land sale monies, deduct amount owed for payment of past and delinquent charges. The Tribal government and BIA shall make these deductions based on advice of the Housing Authority.

3. For those who owe past and/or delinquent charges and no longer live in an Authority housing unit, there is need for a policy requiring that payment of all past charges be made before being admitted to a housing unit.

3.2 STATEMENT OF WORK PROGRAM, ACTIONS, TIME SCHEDULES, AND RESULTS OR ACCOMPLISHMENTS:

ACTIONS:	TIME-FRAME	RESULTS-ACCOMPLISHMENTS
3.2.A. Current Charges: So as to keep the 90% level of current charges, the Authority shall identify those tenents (low rent and MSH) who do not have good payment records, and arrange for any of the following monthly payments: 1. If employed by the Tribal government, BIA, or IHS, establish payroll deductions, twice a month for the total amount due; 2. For those who have lease income or land sales, arrange for payment to the Authority; 3. For welfare recipients, arrange for direct payments from the welfare agency to the Authority.	3.2.A. To be completed by October 10, 1981	3.2.A. Approach is intended to secure near guarantee for payment of collectables to maintain 90% level.
3.2.B. Current Charges: As soon as a tenant fails to make the monthly payment, the Authority shall personally contact the tenant to make payment arrangements. Should the tenant fail to comply, eviction process shall begin immediately and be completed by payment time the following month.	3.2.B. Process to be in effect by October 10, 1981.	3.2.B. Procedure will stop accumulation of TARs.
3.2.C. Past and Delinquent Charges: The Authority shall develop and establish the following procedures for the collection of past and delinquent charges:	3.2.C. To be completed by October 10, 1981	3.2.C. The process is intended to begin reducing TAR-levels and discontinue accumulation of past debts.

3.2 STATEMENT OF WORK PROGRAM, ACTIONS, TIME SCHEDULES, AND RESULTS OR ACCOMPLISHMENTS: (Continued)

ACTIONS:	TIME-FRAME	RESULTS-ACCOMPLISHMENTS
1. For tenants or NSH homeowners who owe past and delinquent charges, the Authority shall make arrangements with the tenant for monthly payments utilizing payroll deductions or its counterpart with welfare agencies for payment not only for monthly charges but also for past charges, utilizing a payment schedule. Tenants who refuse shall be submitted to the eviction process immediately so as to avoid increasing the TAR-level. 2. For those who no longer live in the Authority's housing units and owe past charges, the Authority shall arrange for: a. Payroll deductions b. Lease or land sale deductions c. Not allow re-rental of a needed unit until total past charges are paid.		

ITEM #4. ORGANIZATION AND STAFFING

4.1 Statement of Problem and Action Requirements:

The Authority's staffing and organizational efforts previously have been geared to maintenance of housing units with administrative and office responsibilities lacking in Authority-priority. The present crisis necessitates a re-ordering of work-functional priorities so as to assure financial solvency. Specifically, the Authority's administrative staff must be strengthened so as to implement a management system that would assure timely collection of rental and MSH payments, and the crediting of payments to proper accounts. Staff reduction must occur primarily in the maintenance portion of the Authority as opposed to administrative personnel. Secondly, staff training can be mandated by requiring personnel to participate in business management courses offered by the Sisseton Wahpeton Community College. Thirdly, the Authority's use of professional staff will be for specific tasks that are technical in nature whether in the area of reporting or accounting.

4.2 STATEMENT OF WORK PROGRAM, ACTIONS, TIME SCHEDULES, AND RESULTS OR ACCOMPLISHMENTS:

ACTIONS:	TIME-FRAME	RESULTS-ACCOMPLISHMENTS
4.2.A. The Authority's effort to reduce operational cost to be commensurate with operational income shall not jeopardize the effort to place priority on strengthening the Authority's administrative personnel which shall include the following organizational structure: 1. Collections: This division shall be guided by well defined procedures regarding payments and evictions; 2. Accounting: All income must be credited weekly to appropriate accounts; 3. Reporting: A system of weekly communication with the Fee Accountant shall be established so as to insure accurate and timely reporting.	4.2.A. To be completed by October 10, 1981	4.2.A. The Authority's administrative capacity shall be organized so as to maintain operational levels to continue the Authority's existence.
4.2.B. Administrative personnel in need of further training may either improve their skills by enrolling at the Sisseton Wahpeton Community College or leave their positions.	4.2.B. To be completed by December 10, 1981	4.2.B. The Authority would be assured of administrative capability to maintain financial solvency.

ITEM #5. UTILITIES AND MAINTENANCE

5.1 Statement of Problem and Action Requirements:

With regard to the issue of utilities, the Housing Authority is convinced that tenant paid utilities is the most effective approach, inasmuch as the bulk of utility consumption is placed on the consumer, who must adjust energy consumption to suit one's budget. Secondly, with regard to maintenance issues, the Authority in light of forced reductions or cuts, will be placing more responsibility on tenants, especially with regard to preventing damages to units and requiring tenant participation in paying for those repairs for units that are over and above normal wear and tear and can be attributed to negligence or violence in the household.

5.2 STATEMENT OF WORK PROGRAM, ACTIONS, TIME SCHEDULES, AND RESULTS OR ACCOMPLISHMENTS:

ACTIONS:	TIME-FRAME	RESULTS-ACCOMPLISHMENTS
5.2.A. The Authority shall begin negotiating with Utility suppliers so as to convert to a tenant payment system. Negotiations shall include: 1. Meters: installation on individual units. 2. Billing system. 3. Actions to take for non-payment.	5.2.A. To be completed by March 30, 1982.	5.2.A. Provides for more tenant responsibility in survival of Housing Authority.
5.2.B. The Authority shall inform tenants of proposed changes in utility payments by means of direct mailings, newspaper articles, and public meetings.	5.2.B. To be completed by March 30, 1982	5.2.B. Assures communication for proposed conversion.
5.2.C. The Authority shall develop and establish revised rent schedules providing appropriate allowances for tenant supplied utilities; and, the Authority shall secure ORIP-HUD approval on rates.	5.2.C. To be completed by May 30, 1982.	5.2.C. Maintains constant level of operating income.
5.2.D. The Authority so as to preserve the level of operating expenses based on income shall develop policies in regard to housing unit damages which shall include the following: 1. Prevention: to be carried out by the Authority's Residential Training Counsellors- 2. Damages and repairs beyond normal wear and tear become tenant responsibilities to pay for, under threat of eviction.	5.2.D. To be completed by January, 1982.	5.2.D. Measures are intended to decrease maintenance costs.

ITEM #6. TIMELY REPORT PREPARATIONS AND SUBMISSION

6.1 Statement of Problem and Action Requirements:

The Administration of the Authority needs to devise a monthly calendar of due dates for required HUD-reports, first with regard to TARs, occupancy, unit availability, and management reporting. Administrative staff need to be assigned to specific reports. Secondly, for construction programs, whether modernization or development, calendar due dates need to be established for preparation of the ADC, MOA, MQR, AMCC reports, along with staff assignments for these reports. Thirdly, operating budgets must be submitted to a schedule of preparation, review, and approvals.

The Authority immediately plans on establishing an annual calendar with staff assignments for each task. The calendar shall be established by October 10, 1981.

ITEM #7. CONSTRUCTION COORDINATION

7.1 Statement of Problem and Action Requirements:

The Authority has had a good record in regard to preparation for construction; however, its monitoring efforts have been frugal. To overcome this problem, the Authority proposes to utilize part of development budget funds to retain the services of an inspector, so as to advise the Authority on the contractor's compliance with specifications. The Authority is experiencing the effects of inferior construction, and accordingly is convinced of the need for on-site inspection of construction. Secondly, the Authority is more than ever convinced that construction must be critically inspected prior to acceptance of a newly constructed unit. These ingredients are to be expanded upon and set into policies when the Authority passes the current financial crisis, stabilizes its operation, and is ready for construction.

ITEM #8. COMMUNICATION IMPROVEMENT STRATEGY

8.1 Statement of Problem and Action Requirements:

The Authority already has begun improving communications with the Tribe, Tribal Court, and Tenant/headmen's. Specifically the following forms of communication have been established:

1. Monthly meetings of the Authority's Board and Director with the Tribal Council. As the current crisis begins to be resolved, the monthly meetings will take the form of written reports to the Tribal Council. The Tribe for its part has lent the assistance of its Planning and Development Department to the Executive Director.

2. With regard to the Tribal Court, a special housing magistrate has been appointed who will hear housing cases and eviction notices at a minimum of four times each month.

3. The Authority's Residential trainee counsellor program has accelerated efforts in providing tenant counseling; and, these efforts especially in regard to reducing TARs will continue during the forthcoming 12 month period.

ITEM #9. OCCUPANCY MANAGEMENT

9.1 Statement of Problem and Action Requirements:

The Authority already has taken actions to correct problems encountered in updating and completing leasing and MSH occupancy requirements. Secondly, income verification procedures have been radically updated. Thirdly, occupancy audit findings are in the process of being completed.

Senator MELCHER. We have a panel of Janice Johnston, Rick Farrell, Clayton Small, and Ira Grinnell.

I am going to submit for the record statements of the Yankton-Sioux Claims Committee and from the Devils Lake Sioux Tribe.

[The statements follow:]

STATEMENT OF PAUL LITTLE, VICE-CHAIRMAN, DEVILS LAKE SIOUX TRIBE, FORT TOTTEN, N. DAK.

My name is Paul Little, and I am the Vice-chairman of the Devils Lake Sioux Tribe. I thank you for the opportunity to speak with you about the Indian housing program.

Recently, Region 8 of the Office of Indian Programs, Department of Housing and Urban Development, located in Denver, has implemented a moratorium on new housing in Region 8. This moratorium has resulted in a disaster for Indian people and ensured that there has been no progress for the bettering of Indian housing. This moratorium was undertaken without any consultation of Indian tribes or leaders. The result has been confusion and chaos in Region 8, which is the only region that has undergone this type of moratorium.

Secretary Samuel Pierce, of the Department of Housing and Urban Development, stated, at the National Congress of American Indians convention in Anchorage, that the present administration believes it has a commitment to serve the housing needs of Indian people in Region 8. The disruption caused by the Region 8 moratorium is a very poor method of meeting Indian housing needs. We respectfully ask that the Senate Select Committee on Indian Affairs advise Secretary Pierce that he must justify the actions taken by Region 8's Office of Indian Programs and ensure that progress is made on meeting the needs of Indian people for housing with consultation with tribes and Council leaders. We trust that the moratorium imposed by Region 8 is not an indicator of the real concern the present administration has for meeting the needs of Indian housing.

YANKTON SIOUX TRIBE TESTIMONY ON HOUSING

The Yankton Sioux Tribe located in South Dakota has 2,531 persons living on the Reservation, of which 79+ percent are unemployed, 20 percent of which live in sub-standard homes and another 30–40 percent live in homes which are in need for windows, doors, insulation improved heating systems etc. According to the Median income guidelines (figured on the basis of the county in which the Tribal headquarters is located) a four person household is eligible at $14,900.00; over 90 percent of the Tribe's population is eligible for services. One year ago at this time there were over one hundred more jobs on this reservation; these jobs have been lost to our people through the cut-backs in domestic assistance programs of CETA, HUD Housing, Community Services Administration, Bureau of Indian Affairs etc. The Yankton Sioux are in worse economic conditions since the 30's and we can not help but feel that some of it has been avoidable.

The Tribe has spent tens of thousands of dollars of non-federal money and program money on attorneys, auditors and other consultants establishing itself as a reliable, fiscally sound funding mechanism only to find that the U.S. Government could apparently care less. We have been awaiting the release of thirty units of housing for over a year now; these units would not only address the severe housing shortage but also be a great boom to our employment base. Our CDBG Home repair project was held up for months until the Tribe deposited $46,500.00 of non-federal money into the CDBG account only to read that a water tower built in this State at twice the cost is still sitting unused. We wait for our release of thirty units of housing for over a year because of past due tenant rents of about $100,000.00; while we also read that the new HUD administrator spent more than that on office renovation in his Washington, D.C. office. The release of these homes would generate some $1,500,000 of funds; if the Tribe were able to negotiate sub-contracts for portions of these efforts some twenty jobs could be created with little or no difficulty and more than likely closer to forty jobs would be created through the total effort.

The Yankton Sioux Tribe now needs at least another 120 new homes and funds to substantially rehabilitate another 102 homes and funds to winterize another 200 homes. At current costs the new homes would cost $6.7 million, the rehabilitation efforts would cost .5 million and the winterization would cost .4 million;

thus while we need 7.6 million worth of housing today we have less than 90 thousand to attempt these projects with.

The U.S. Government has totally abandoned its responsibilities to the Indian people of this United States, our rights have been ignored our needs have been unanswered our people treated more shabbily than most third world nations. If it is to be said that this country can no longer take care of all the problems of the world then it can also be said that the Yankton Sioux were amongst the first to know of this because the government has it appears set about to tactfully (through lots of rhetoric and redtape) to cut the Yankton Sioux off from its allocated housing projects. Probably no other federal project has had a more positive effect on this Reservation than its housing projects while no other projects abandonment can have a more devastating effect on this Reservation.

Release our allocated units of housing, rethink your monetary savings from cutbacks in housing rehabilitation; the increased costs in human suffering this winter are beyond your estimation, expectations or forecasts. The national budget can not be balanced on the backs of cold, ill-housed and unemployed Indian people, the U.S. government can not say get your fiscal act together and we will release your project and then cause hundreds of thousands to be spent on refurbishing Washington, D.C. offices, unused water-towers or bigger and better hotels; we need safe, decent warm houses for our people, please listen, come visit us if need be but release our funds.

TESTIMONY SUBMITTED BY RICK FARRELL, EXECUTIVE DIRECTOR, SALISH & KOOTENAI HOUSING AUTHORITY, AND CHAIRMAN, NORTHERN PLAINS INDIAN HOUSING AUTHORITY ASSOCIATION

It is a privilege for me to have this opportunity to express my concerns about Indian Housing, in general, and the problems associated with the Region VIII HUD office, in particular. I would like to extend my gratitude to you Congressmen and members of the Committee who have taken the time to listen to our specific problems and have worked long and hard to help our causes and to show us that you care. The purpose of my testimony is to address the problems I and my constituents are having with the Indian Housing Program and to offer suggestions and ideas for what can be done to keep this badly needed program and improve it for the future.

I have spent a great deal of time assessing what is happening today in the Indian Housing arena from the perspective of a Tribal member and a Housing Manager. The direction it is going (and where it has been in the last few years) is far from healthy, but not something that is ready to be totally scrapped.

I was prepared for my testimony at these Hearings in Billings to blast HUD and the Region VIII Office of Indian Programs for many of the problems with which we are afflicted today But now that I have had a little extra time to reflect on the matter, I realize that these people are not in any position to make policy decisions that affects us, and are either not aware of what they are doing or have no significant voice in the morality of these affairs. These assignments have been perhaps as distasteful and unpleasant for them as they have for us. I have made a personal decision to level that department only in defense of accusations that I feel are incorrect or have been made to the detriment of this organization.

I think the problem we all in the public housing business are experiencing is due to one main factor—the complexity of the program. The symptoms identified by people in all phases of Public Housing Administration are indicators of a system that has become so large and complicated that it is precipitating (or actually causing) more problems than it is worth. It has evolved into an organization that is much too heavy to operate and to make productive, and for that, is viewed as ineffective. (Consequently, Indian, as well as Public Housing, is slowly losing importance in priority of funding and in concerted efforts for its preservation.)

Item: In its attempt to trim the Federal budget, the Administration proposed to essentially eliminate Indian Housing for FY 1982 and 1983. Not only was the cut unfair in its proportion to other cuts (and its resulting effect measurably more severe for "those groups who most needed it and would not be affected"), but they were based on the following reasons that were of significance (though grossly incorrect in the supportive figures used):

(1) The cost of Housing is excessive.
(2) The pipeline of units is too large.
(3) Management concerns (ineffective management).

Without questioning the sincerity and motivation of the Administration in using this reasoning, I challenge the information because the recipient of the program is being criticized and punished for its inability to manage a program before the very program itself is examined for its role for casualty. Though I vehemently disagree with the figures and their unscrupulous use, I have to agree that the items do point out a problem, but the problem is far from what it is made to seem. The local Tribes and Reservations should not be made to feel totally responsible for the kind of problems that have been presented, when the problems can be traced to a program so full of red-tape and contradictions that they are looked upon by the people who work with it on a daily basis as mere side-effects. The program cost are excessive, but no one has listened when we have proposed changes in the system to save money (perhaps enough to satisfy the quota for the budget). There are many units in the pipeline that have not been developed in a timely manner, but no one has listened to our suggestions to simplify the delivery system so that units can be underway in six to 12 months instead of 2 to 3 years (without a moratorium, that is). These are serious concerns with management of existing units, but HUD has repeatedly resisted suggestions to streamline a system that has generated and perpetuated management problems. The problem is consistently turned around on the Housing Authorities, even when HUD has played a part and has had no choice to do otherwise.

It simply appears to me that if the Administrations real concern is saving money and eliminating waste, they would be taking a hard look at redesigning the program to save money instead of eliminating it altogether.

Item: In an attempt to reestablish its posture with HUD (as is evidenced in the Audit conducted in 1981 on the Office of Regional Indian Programs in Denver) and to confirm its agreement with recent HUD programs policy changes, the Acting Regional Administrator issued a moratorium on all housing development in Region VIII--not on all Housing Authorities, only Indian Housing Authorities. Not just on uncommitted projects, but projects that were under program reservations, ACC, and live construction contracts (already given the go-ahead by HUD after a successful bid and award).

The moratorium was issued because individual Housing Authorities were experiencing financial problems and that HUD wished to achieve "Program Integrity" and "Financial Solvency" within the Region. The lack of planning was evident and inexcusable. Figures used to allege financial insufficiencies were incorrect and misrepresented. The freeze was instituted on all Housing Authorities regardless of their financial conditions or status in dealings with HUD. The Housing Authorities were blamed entirely for all mistakes and problems, and the attitude presented was downgrading and disrespectful toward Housing Authorities, even when they were later acquitted of the charges.

Without questioning the motivation of HUD, I challenge the action because, again, the Tribes were being criticized for problems that were partly due to the complicated nature of the program itself. Outside of complexities and incoherence in the program that have precipitated mismanagement, a few Housing Authorities were negligent and the moratorium was appropriate (though not in its entirety and in its correctness). None of the Housing Authorities that I am in a position to represent can refute the intention or purpose of the moratorium, since it was in part, arising out of mismanagement for which we would have to bear some responsibility. The caution that was absent and represents negligence on the part of HUD was the pre-meditated effort to shift the blame for Regional Program malfunction to the individual Housing Authorities. HUD and its people have played a significant role in the mismanagement and corruption that has taken place in the program. The moratorium is just another example of problems that exist at the Regional level and the local level in administration of the Program. Even though the merits and contents of the moratorium may remain unresolved, the extension of it is clear—the complexity of the program has made us all look incompetent and not to be trusted. The result is a constant state of infighting and mistrust and eventual self-destruction.

The effects of the moratorium are still alive and deeper than any outsider can imagine. There is absolutely no excuse for an agency to originate such action that has caused (and still is causing) so much humiliation and degredation. To do it with accuracy is one thing, but to incorrectly report the things that were named and hang a Housing Authorities' reputation upon them is down right illegal and incompetent. It will be a long, long time before we fully recover from the effects of the moratorium both operationally and personally. Even the Hous-

ing Authorities that has difficulty in dodging the indictments had at least the right to due process of law, which has yet been extended to any one Housing Authority. Working with this program from the start has made me a liar, a cheat, and a deceiver, but the letter initiating the moratorium made me, in the eyes of my people, dishonorable. With the surfacing of the Audit of the Region VIII, Office of Indian Programs, it is becoming more and more evident that HUD is focusing the spotlight on Housing Authorities mistakes to cover-up or divert the importance of their own. The Indian Housing Program is difficult enough to administer without this added pressure. This moratorium should be withdrawn from all of us until it is reduced to the level of memory where it truly represents the picture of Indian Housing as it is today—total frustration of many good, competent and capable people at all levels of administration over a program that cannot operate in its present form.

CONCLUSIONS

Since the entire Public Housing Program, as I see it, is too large and inoperable, a de-regulation would be a starting place to put it in a proper perspective. Costs could be successfully trimmed in HUD administration as well as development and operations by the Indian Housing Authorities. The system would be simplified enough to enable the job to get done in a cost-effective manner, but detailed enough to protect the investment (at least to the proportion that an investment is in term). The program today is so protective of error, that it promotes and accomplishes just the opposite with its nebulous regulations. Mismanagement at all levels has become a product of this equation rather than a factor to be diminished.

The program should be simplified to the point that the Community Development Block Grant Program is now, only not to the demise of the long-term financing. Long-term financing would allow for the volume of housing to continue at a pace to assist the people "up front" of the need cycle. The Block Grant approach would allow the local flexibility to save cost wherever it can better meet the needs of the area and to make the program more cost-effective. At a quick glance, it appears that a block grant-type approach might save enough money in the HUD administrative hierarchy that considerably less long-term financing would have to be outlayed in the form of appropriations.

In the area of management, subsidies must continue at the level calculated by the Performance Funding System (that established by regulations). If subsidies are cut further or eliminated altogether, alternatives must be sought in the way of reductions in regulations to enable a tapering of services. If a business does not have the income to maintain services (set by law to be performed), the law will have to be changed to enable the offices to remain solvent. Thus far the Government is causing Housing Authorities to become insolvent by enforcing regulations that cannot be performed with lowered subsidies. If there is no option other than to cut subsidies, then it is time to discuss the transfer of the housing units to the sponsors as seed money and establishment of a capitalized program that can be operated like an ordinary business. Any in-betweens will be trouble if not planned out properly and could end up causing more problems and work and result in more expenditures than the current program that is considered by many (including me) to be too expensive.

The program as it is now has made itself look bad

It is so large that it doesn't allow development to proceed and progress to its potential—thus opening the door to public criticism and to future management headaches. Over-regulation has brought about a situation where the expectations are just too great for anyone to perform at an acceptable and impressionable level. It is sad when excelling efforts of good Housing Authorities and HUD offices are constantly overshadowed by impossibilities.

It appears, at least from information that is coming out of Washington, D.C., that the Administration is seeking to totally eliminate Indian and Public Housing by 1983 and other HUD programs (i.e., C.D.B.G. and U.D.A.G.) by 1984. There is now, additionally, a plan to recapture all allocated units and projects for which Annual Contributions Contracts have not been signed and to eliminate subsidies (for new construction and operations). The alternative that is proposed to replace it is the "Voucher System", and it is only scheduled to provide assistance for five years. With this information at hand, I would say that the prognosis for assistance to those people who really need it is very bad.

I have specific reservations about the Voucher System, especially since the program is apparently further along than we realized and we know absolutely nothing about it. The process of "Consultation" has been completely avoided thus far. The following questions are unanswered:

(1) Who will be in possession of the units?

(2) Who will administer the vouchers, and if it is HUD, how can they handle vouchers for units other than their own without compensation?

(3) How will controls be implemented to prevent abuses (i.e., higher rent/payment changes to vouchered people) and discrimination (people who don't want to rent to vouchered people)?

(4) How will vouchered people be guaranteed adequate housing?

(5) Is the Administration sure this will save money?

(6) How is the system now going to be phased out when regulations in use spell out what is to happen, and that certain changes (that the vouchers might create) cannot be made?

(7) If no new construction will be funded by HUD, how will Reservations pick up the slack (no one else will touch Trust Lands)?

I don't believe at this point in time that the voucher system is the best solution to the Housing problem. There is not enough housing stock to meet the demand, and to implement a workable plan for vouchers would require as many regulations (and possible funding) as would be revised Public Housing Program. Until there is a specific plan in print I cannot endorse a change.

It is not an easy thing to watch this program, into which many of us have poured our blood, go down the drain just because a few people are not willing to admit that there is a better way. It is a mistake to let a negative impression of the current program preclude one from maintaining it. There is an identifiable need to keep the Public Housing Program intact, but to make it a more cost-effective, efficient one. There are many of us out in the field that have some viable solutions that could help this program, let us hear from you.

STATEMENT OF IRA GRINNELL, EXECUTIVE DIRECTOR, CHEYENNE RIVER INDIAN HOUSING AUTHORITY, EAGLE BUTTE, S. DAK., ACCOMPANIED BY JANICE JOHNSTON, EXECUTIVE DIRECTOR OF THE TRENTON INDIAN HOUSING AUTHORITY, TRENTON, N. DAK.; DON KELLER, EXECUTIVE DIRECTOR, FORT BERTHOLD HOUSING AUTHORITY; AND JAMES F. WAGENLANDER, COUNSEL

Mr. GRINNELL. Senator, I wish to take this opportunity to thank the Senate Select Committee for calling this hearing. I am Ira Grinnell, executive director of the Cheyenne River Housing Authority in Eagle Butte, S. Dak. Seated with me are the Northern Indian Housing and Development Council. Janice Johnston is executive director of the Trenton Indian Housing Authority in Trenton, N. Dak. She is also chairperson of the Dakota Territory Housing Association. Don Keller, on my right, is executive director of Fort Berthold Housing Authority. We have with us, our legal counsel, James F. Wagenlander from Denver, Colo. Rick Farrell, executive director of the Salish-Kootenai Authority, and also chairman of the Northern Plains Housing Authority was to join us, but apparently his plane could not get out of Missoula. So, he is not here today.

I would like to make a few opening remarks and then open the panel up for questions.

We would like to provide more detailed testimony in a written statement which we will provide to the committee in the next 3 weeks.

Allow me to begin by pointing out that our testimony represents three regional organizations made up of 24 of the 28 Indian housing authorities in region VIII of HUD.

Of the main points, first, we would like to make a few brief comments regarding the HUD Region VIII moratorium.

A. It has been disastrous for Indian Housing communities, Indian housing programs, and Federal taxpayers.

B. We believe it was established to divert attention from HUD office deficiencies and falsely blames Indian administration for program problems.

C. We certainly acknowledge the existence of some problems in the programs, and in fact we are trying to address those on an individual and program basis, but HUD's action since April has been counterproductive.

D. It appears that HUD may have acted arrogantly and their attitude has polarized the relationship between the tribes and HUD. HUD has consistently refused to accept responsibility for any of the program problems, and has disregarded, often illegally, its specific commitments to new development projects.

E. Even today, after nearing 8 months of so-called program reviews, a majority of the housing authorities, including many economy and financially solvent authorities, still have projects being held up.

We plead with this committee and Congress to assist us in gaining a more cooperative attitude from HUD. If this new attitude is not engendered, new housing previously approved will be lost and existing housing efforts will be jeopardized.

The second point, since time is short, we would like to turn to the issue of future Indian housing options.

A. Certainly change is in order if only to reform the current management of the existing public housing programs.

B. Our major concern is to obtain the main annual level of funding, approximately 6,000 units needed, and to remind Congress of the dramatic need for improved housing on the reservation as well as the unique need and obligation for Federal assistance on reservations.

C. We encourage Congress to maintain the financing arrangements currently available under the 1937 Housing Act.

D. Our associations are unanimously opposed to the use of a voucher system for housing. It is inconceivable to us that such an approach could be considered for the reservations. It could not work.

E. If a general block grant approach should be proposed, we would like the opportunity to study the proposal in more detail before commenting. Though such an approach might be acceptable, we are concerned about its funding levels, what agency would administer it, and what kind of technical assistance would be provided to the local administrations.

Thank you for your attention. We are now available for any questions you may have.

Senator MELCHER. Have you ever discussed this voucher system with anybody? I have to confess I am a little bit at a loss to understand what would be vouchered on an Indian reservation, particularly Eagle Butte. You would be about the best person I could ask.

Mr. GRINNELL. The assumption is, if you had insufficient housing, you would provide a voucher to an eligible tenant who could then provide, through private means, housing for himself and his family.

Senator MELCHER. That assumes there is something available.

Mr. GRINNELL. Absolutely; this works beautifully in urban areas, where they have old houses or old facilities they can remodel or whatever.

Senator MELCHER. I do not think it would work very good around Eagle Butte; would it?

Mr. GRINNELL. Well, it might do a great deal for the cash flow of the Denver Tent and Awning Co. They might send a lot of tents up there.

Senator MELCHER. You want to go back to the old ways?

Mr. GRINNELL. We ain't got no buffalo.

Senator MELCHER. We were not here when Earl Old Person said the Blackfeet want to come into the new ways; new housing, modern housing.

I do not think anybody could seriously consider a voucher system for Indian housing.

Mr. GRINNELL. Well, it has been considered.

Senator MELCHER. At what level has it been considered? Central HUD headquarters? Well, I do not know where it would work, but it would not work in region VIII.

What about block grants? Do you have a proposal that would make some sense? I do not know how that would work either. I have never seen a proposal that looked practical.

Mr. GRINNELL. Would you like to address that?

Mr. KELLER. I would have to look at the different proposals.

Senator MELCHER. Do you have any recommendations on that? We would be very much interested if that is proposed. I believe the 1937 act would have to be amended.

Mr. GRINNELL. I think the problem, and one of the great fears that we have as Indian housing administrators, is that block grants, as they are now envisioned, usually do not provide for a long-term financing mechanism, and without the long-term financing mechanism, we are back to doubling the size of the BIA HIP program, for example. So instead of building four houses per reservation, they can put up eight each year. If you are talking about filling the need of 7,000 houses, or dwelling units, in region VIII, it is going to take a long time.

Senator MELCHER. Well, there are 50 States. If block grants were granted for a particular purpose for each State to run a program, to replace the Federal portion of the program, I can see it working in 50 States with a great deal of work and care and concern. But we are talking about every tribe being eligible for a block grant. I think we are getting into a nightmare that would be even very difficult in region VIII. When you get into California, you find numerous bands——

Mr. GRINNELL. There are more bands in California than there are tribes in region VIII, I am certain.

Senator MELCHER. Then the Alaskan Natives, would it be a block grant for each village?

Mr. GRINNELL. If you want to make a block grant to the State, then we are getting into a whole different can of worms.

Senator MELCHER. I do not think you would recommend to this committee that we consider a block grant to States for Indian housing. I do not think any tribe would.

Mr. GRINNELL. You are correct, Senator.

Senator MELCHER. Counsel, would not the 1937 Housing Act have to be amended to provide for block grants?

Mr. WAGENLANDER. I am not convinced that that is necessarily true. My initial opinion would be that it would not be needed, and in fact not enough attention has been paid to that issue. The concern I think these organizations are responding to on the block grant issue comes about because of what we hear are proposals being developed in Washington, and we are no more a party to that at this point than maybe your committee. We are just interested in trying to understand what is happening back there and trying to provide the input of the tribes and the Indian housing authorities.

Senator MELCHER. Would it not be very difficult, if we transferred to block grant, to bring up to date the payments, collection of payments, on housing already in existence?

Mr. WAGENLANDER. I would think, if it were switched to a block grant, that that would apply only to new units placed.

Senator MELCHER. I understand that. I guess you could keep them separate.

Any of you have any comment on that?

Ms. JOHNSTON. It is a problem now because we already have different systems. You would be giving us a new system.

Senator MELCHER. Another system to compound what is already a mixed bag.

Mr. WAGENLANDER. One of the problems is the Indian housing program is never developed for Indian people. It is merely a tag-on to some other new housing program. As a result, the Indian communities are overloaded with inappropriate programs, and it appears the same thing may happen this time, if a new program is developed.

Senator MELCHER. Have you already looked at the HUD program reviews?

Mr. WAGENLANDER. Yes, I have.

Senator MELCHER. Do you want to make any comments on them; give us a little advice?

Mr. WAGENLANDER. Every review that was prepared in the Denver region was designed, in my opinion, for one purpose, and that was to exaggerate the claims that HUD has against the Indian communities; that in every situation we have been able to document that HUD's calculations were incorrect. Two examples of this come to mind, Senator. First of all, HUD has made the claim against every housing authority in this region, except for those in Nebraska, for a debt they claim is owing to the Department relating to insurance funds, insurance premium payments, that were made between 1977 and 1980. These were funds that were advanced by HUD and HUD never attempted to collect these funds for 4 years. When the moratorium was established, suddenly HUD announced they wanted it to be repaid. It would be interesting for the committee to determine how much of the $2 million that HUD says is owing to it by the housing authorities actually comes from those insurance funds.

The second point I would make is that HUD, in determining what is owed to them for development accounts, never analyzed underfinancing. They only analyzed projected overfinancing. As a result, they were claiming that the authorities owed them a certain amount of

money, but never went the next step and determined on other projects where the Department may have owed the housing authority substantial funding.

I think anybody would be hard pressed to support and justify and defend the reviews that were performed. And I cannot believe there was any purpose other than to exaggerate those claims and maybe to satisfy the new administration and supervisors in Washington that this regional office was doing something.

Senator MELCHER. I wonder why region VIII would be different?

Mr. WAGENLANDER. I would suggest the decision was made by one individual, and he was not the acting regional administrator in any other region.

Senator MELCHER. We will fill in the blank spots in the record. Was he promoted?

Mr. WAGENLANDER. No, sir. It is my understanding that he is no longer the acting regional administrator. A new regional administrator has been appointed and has been sworn in, in the Denver office, and he is now—I am speculating he is again the deputy regional administrator. How long he will remain in that position, I have no idea.

Senator MELCHER. Clayton, you are not exactly on this panel but you are at the witness table now. Do you want to make some comments? Any more comments from the rest of you?

Mr. WAGENLANDER. Senator, I have to excuse myself.

Senator MELCHER. You are excused.

Thank you very much, gentlemen. The material you have submitted will be made a part of the record at this point.

[The material follows:]

PREPARED TESTIMONY OF THE NORTHERN INDIAN HOUSING AND DEVELOPMENT COUNCIL, THE DAKOTA TERRITORY HOUSING AUTHORITY ASSOCIATION, AND THE NORTHERN PLAINS INDIAN HOUSING AUTHORITY ASSOCIATION

INTRODUCTION

The Northern Indian Housing and Development Council, the Dakota Territory Housing Authority Association, and the Northern Plains Housing Authority Association appreciate the willingness of this Committee and Senator Melcher to invite testimony on Indian housing. As associations representing most Indian housing authorities and numerous tribes in the Dakota and northern plains regions, we are pleased to see attention being paid to understanding and improving current and future Indian housing conditions.

In addition to previously providing oral testimony, we now take this opportunity to provide a more detailed account of our concerns and recommendations. We have carefully prepared our testimony in order to comprehensively address both short term issues and our recommendations for major program reforms. We believe that this is a very critical time for Indian housing, and we hope that new action can be taken to thoughtfully improve current delivery and management programs. But we also recognize that unless attention can be direct now upon these issues that not only will new efforts to improve Indian housing suffer, but that the minimal advances and Federal investments made in recent years will be destroyed.

I. RECOMMENDATIONS FOR SHORT TERM ACTION

1. Region VIII moratorium

The most immediate and crucial action required in the U.S. Department of Housing and Urban Development Region VIII is for HUD to immediately reevaluate its "debt collection and averted funds" policy. When this policy was orig-

inally implemented in April of 1981 by that HUD office, it was an attempt by one particular administrator to extricate that office from an internal audit done by HUD's Inspector General. There can be no question that this particular Regional moratorium was carried out for purposes of covering up past Department failures and to separate it from past practices. The policy's approach and conclusions were totally defective and skewed. They resulted in an across the board indictment of the Indian housing program in that seven state region. There was no attempt to identify authorities in need of special assistance or those encountering serious financial problems. Rather the HUD policy resulted in the suspension, illegally and improperly, of all Indian housing programs. That Regional Office has basically ignored the criticism of its actions to date and continues to proceed in our opinion to carry out policies which discredit the Indian authorities, Indian tribes, and the Indian housing program.

A majority of the Indian housing authorities in the Denver Region still have their programs under suspension some 10 months after the original moratorium. The effect of this Policy has been to jeopardize not only new units, but also the nearly half a billion dollars worth of existing housing that has been constructed in the Denver Region over the past 15 years. Because of these actions the existing delivery system for constructing houses has been nearly destroyed, the value of federally appropriated funds has been diminished, the credibility and reputation of many of the Program's local administrators have been unfairly tarnished, and maybe most importantly, the maintenance and management of the thousands of existing units has been jeopardized. If the Federal Government wishes to be trusted and respected, and if it wants to set an example for efficient and honest governance for Indian tribes, it should immediately reassess and substantially change its current Indian housing policy in the Denver Region. We hope with the appointment of a new HUD Regional Administrator in Denver that such a reappraisal will take place.

2. Operating subsidies

It is vitally important that adequate operating subsidy and management support be given to Indian housing authorities. This will protect and maintain existing units already constructed. Many Indian housing authorities have come to rely upon these funds to provide the necessary management required to maintain units previously constructed. These units and this program require extensive maintenance and significant management attention. To abruptly remove current operating subsidies or to further reduce those subsidies of this time would not only harm the Indian people residing in these units, but it would also jeopardize a substantial investment made by the federal tax payers.

3. Simplification

There is an immediate need to simplify the existing Indian housing program. The current program is overly complex and is even in the best of times burdensome for both the local administrators and the U.S. Department of Urban Development. As HUD is forced to cope with the reduction of its staff and operating budget, it will not be capable of monitoring the program as is currently required. A substantially simpler program must evolve. This can be done at least on a temporary basis with internal reform within the Department of Housing and Urban Development and at the local housing authorities. Such simplification and adjustment must occur now, and we cannot await major statutory changes. As HUD takes on this new simpler monitoring function, it must improve the skill levels of its staff, as well as identify those key and crucial areas that require its attention.

4. Technical assistance

A major failing in the past has been the fact that HUD has not provided, either through public or private sources, effective technical assistance. Its efforts in the past have been pitiful in scope and special attention should be paid to dramatically improving the technical assistance that the Department is currently providing.

5. Region VIII collections

We ask that HUD Region VIII immediately re-examine its accounts receivable policy. We believe that significant improvements must occur at the local level regarding collections, however, this cannot be done without careful planning and strong commitments of all parties concerned. A firm practice of collections must be developed, yet it cannot be done merely because it is ordained by

federal authorities. A reasonable and realistic approach must be taken. An approach which understands and addresses the many factors and variables that currently create the collection problem that many Indian Housing Authorities are confronted with.

6. Regional flexibility

We believe that all HUD's regional offices should be allowed to exercise some local flexibility to make their programs more effective and efficient. We believe that no master plan or Washington dictated policy can truly address the need for different applications of the Indian housing program.

7. Region VIII insurance

Currently HUD Region VIII has mandated that all of its Indian housing authorities repay certain 1977 to 1980 insurance premiums. These premiums were originally paid by HUD in 1977 without any mention in the Denver region of a repayment obligation. If the Regional office had properly followed Departmental directives, the authorities would have been allowed to pay back the funds over an extended three year period. However, the Regional office either was unaware of its own Departmental rules or chose to ignore them and never sought repayment of these funds for four years. Now that an internal audit has been performed of the Regional office, it suddenly and arbitrarily dictates to all authorities repayment of these funds over the next year.

Though many of these authorities would have been able to pay these insurance premiums back in 1977 and 1978, the cost of immediate repayment at this time is a most serious issue. A new position regarding the repayment of these insurance premiums must be worked out.

8. BIA and IHS funding

It is vitally important that Congress provide enough adequate funding to the Indian Health Service and to the Bureau of Indian Affairs for water, sewage, and road programs, for this is needed to support previously funded HUD housing projects

9. Region VIII allocations

Due to current processing delays caused by HUD Region VIII's moratorium policy, many housing authorities have lost housing units. Furthermore, the actions of the Denver Office have caused Indian housing authorities to receive a much smaller share of recent housing allocation. Therefor, we request that HUD's central office allocate a larger share of future housing units to the Denver region in the future.

10. Region VIII construction

It is of vital importance that HUD Region VIII immediately resume project processing and commitments, and that except for those authorities with documented serious financial problems, it permit current units in the pipeline to proceed to construction.

11. No recapture of appropriate funds

We strongly request that the four thousand units of Indian housing allocated for fiscal year 1982 not be recaptured in any further fiscal reductions. The Indian program has already suffered greatly. We recognize that under the current program and restraints funding cannot be placed at an adequate level to meet our housing demands. However, Indian people rely upon this program as the only method through which they can obtain decent, safe and sanitary housing, and to reduce further funding would significantly impact in our communities.

12. Secondary considerations

HUD Regional Offices should explore new concepts and designs for Indian housing within current program requirements. We believe that even under existing statutory restrictions new approaches of affordable Indian housing can be developed.

13. Region VIII office

We specifically ask that more staff in HUD's Region VIII Office of Indian Program be stationed permanently in the field to provide better services. But we remain firm in our opinion that such offices of Indian Programs must not be eliminated.

II. RECOMMENDATIONS FOR PROGRAM CHANGES

1. New approaches

Rather than abandoning the federal commitment to Indian housing, we believe that the federal government can take the lead in examining new methods of providing socially and economically appropriate housing on the Indian reservations. We believe this can be done with the cooperation of the Federal Government, tribal leaders, and the private sector. The result will mean better housing produced in a more affordable manner.

2. Special need

Before evaluating new programs, we must remind all parties concerned of the unique circumstances and obligations involving Indian housing. Though any Indian housing program in proportion to other programs, will be small in scale, we cannot forget the incredible importance that this program has on the reservations and the special need for unique consideration.

3. True Federal commitment

We believe that the time is here for the development of an entirely new delivery system for Indian housing. We wish to lend our support and cooperation in creating this new program, but we will do so only if there is a genuine effort with all parties concerned to examine the issues of Indian housing. Substantial funding levels must be provided and the significant involvement of the federal government must not be abandoned. We believe that there is an excellent chance that a new program can be developed while at the same time we preserve the funding mechanisms contained in the 1937 Housing Act.

4. Grant approach

The particular delivery system that we recommend would follow a grant type of approach. Some of the elements and concerns of this type low income program are listed as follows:

(*a*) Local discretion and management must occur if the program is to be successful.

(*b*) The program must facilitate and encourage local accountability, for it is only through the recognition and acknowledgement of success and failure that strong local management and administration will occur.

(*c*) The program must simplify the management structure of Indian housing.

(*d*) There must be a substantial reduction in federal interference, responsibility and administrative costs.

(*e*) We believe that a grant approach could encourage creativity and flexibility.

(*f*) We do not believe that the program should be absorbed into HUD's CDBG Program.

(*g*) Nor do we feel that the program should be allowed to be merely transferred into the BIA bureaucracy.

(*h*) It is of vital importance for the success of the program that an adequate funding level be provided so that a substantial number of units can be constructed.

(*i*) We believe that both tribes and tribal housing authorities should be qualified as grantees.

(*j*) The ultimate success of the program will depend upon whether a careful study has been performed before the establishment of the program, and whether input from Indian people has been obtained.

(*k*) There should also be a procedure through which federal, tribal, and private funds can be combined in integrated programs.

5. Continuation of management subsidies on existing units

Abrupt changes in the maintenance in management of current existing Indian housing units would be disastrous. The continuation at least for the time being of some form of management subsidy for these units is essential.

6. Secondary concerns

We believe that an Indian housing program must allow for local consideration of important secondary issues as community planning, social effect and economic considerations for the Indian communities affected. For all too long people have ignored the effect and impact that Indian housing has or can have on the reservations.

7. New housing concepts and designs

We believe that considerable attention should be paid to encourage local variety and flexibility in housing concepts, standards and designs. Varied approaches should be taken in the construction of housing on the reservations. More importantly, there must be a recognition that there are other types of housing that can be constructed.

8. No voucher system

We unanimously believe that a "voucher system" cannot be applied successfully on the reservations and therefore strongly argue against such an application. Some major reasons for this are the lack of existing housing on the reservations, unique property laws, and special political and cultural considerations.

9. Development of local management

An emphasis should be placed by the federal government and the individual tribes to improve local program skills and management.

10. Continuation of existing program until a replacement is implemented

We do not believe that the pipeline or the existing program should be shut down before a new program is developed to replace it.

11. Moderate income housing program

We recommend the development of a separate housing assistance program for moderate income Indians. This would free up for low income families current public housing units and future low income housing and permit the development of different, less subsidized, programs for those families with moderate incomes. These families need help because of unique reservation conditions but different approaches and subsidy levels should be considered. Loan assistance programs and various other pragmatic approaches could be explored to address these needs.

CONCLUSION

Indian people welcome a fresh look at Indian housing. We believe that new concepts and delivery systems must be developed. We recognize current financial limitations placed on the Federal Government. But we plead with Congress and the new Administration to pay more attention to understanding and addressing unique Indian housing issues and to then cooperate with tribal governments and the Indian communities to improve housing programs. We together with Congress and the Administration should not permit past housing efforts to be maligned for self serving purpose by some short sighted administrators. Nor should we permit general fiscal reforms to sweep away the responsibility and obligations of this country to assist Indian people in solving their special housing needs. Rather we should work together to find answers to the serious housing problems confronting Indian people.

STATEMENT OF CLAYTON SMALL, EXECUTIVE DIRECTOR, MONTANA INTER-TRIBAL POLICY BOARD, BILLINGS, MONT.

Mr. SMALL. Senator, again, I am here representing the Montana Inter-Tribal Policy Board. Our chairman, Mr. Don Bishop, and Jesse James, who is the chairman of the Montana Indian Health Board were scheduled to be here to present testimony as well, but a daughter is very ill in Seattle and for that reason they were not able to make this hearing. In that regard, I am presenting in behalf of Mr. Bishop.

The policy board respectfully solicits efforts from the Senate Select Committee on Indian Affairs in protesting the present administration's efforts to abolish low income housing assistance for fiscal year 1983. It is our understanding that this includes President Reagan's Commission on Housing's recommendation to implement the vouchers system for low-income people to enable them to pay for rent for housing.

The Indian housing programs furnished by the Housing and Urban Development have been in existence for 20 years. Through their efforts serious housing shortages on our Montana reservations have been greatly impacted. However, there remains a serious shortage of housing for Indian families from Montana and nationwide. With the lack of private sector funding on Montana reservations, it is impossible for Indian families to purchase new housing.

We request the Select Committee's thorough investigation of HUD's mutual home buyer program on Montana reservations. This particular program cost the Government less than other programs. The concept of this program is also responsive to the cultural tradition of Indian families because it makes allowances for the extended family to live in the housing units. The Montana Inter-Tribal Policy Board would like to officially go on record before the Select Committee in the commendation of the Northern Plains Housing Authority. The organization, leadership and advocacy efforts by this group have established the framework for Indian housing to continue in Montana. The moratorium declared by HUD, region VIII's administration on May 6, 1981, indicated that the Montana housing authorities were mismanaged, funds were diverted and that expenditures were not controlled. The moratorium created anger, frustration and confusion for Indian family recipients and housing authority personnel. With this in mind, we request the Select Committee to investigate the lack of cooperation, commitment and consultation given to the Montana housing authorities by the administration of HUD, region VIII regarding Indian housing.

The Montana Inter-Tribal Policy Board supports the recommendation given by the Northern Plains Housing Authority's personnel and further encourages the Select Committee to investigate the following:

No. 1, a formal process allowing due process and consultation be established by HUD for any problems and concerns including Indian housing in cooperation with tribal governments and housing authorities.

No. 2, if Indian housing programs are to be granted, that moneys be guaranteed for direct funding to the tribes and that a process for consultation from tribes and housing authorities be established prior to policies being implemented.

No. 3, assistance be given to Montana tribes and housing authorities to explore alternative financing options for Indian housing to guarantee long term financing.

No. 4, advocacy efforts be implemented in behalf of Montana tribes to continue the IHS water and sanitation facilities construction program and the BIA home improvement program to support Indian housing in Montana.

The Montana Inter-Tribal Policy Board fully supports the concept that the social, political and economic well-being of American Indians is the responsibility of tribal government. We feel that the Montana tribal leadership has established a firm commitment in this regard and is conducting long-range planning toward the ultimate goal of self-sufficiency. We strongly encourage the Senate Select Committee to assist the Montana tribal leadership in securing the commitment neces-

sary from the Federal Government through their trust responsibility to allow self-sufficiency to occur, in this case, in the area of Indian housing.

Senator MELCHER. I will ask you the same thing, Clayton. Do you have any suggestions for block granting? It does not seem to me to be a very fruitful idea. We might as well have suggestions if we are going to have to consider it.

Mr. SMALL. Sure. I think the general trend of the administration is to promote block granting to the States, and it is a concept that tribal governments and tribal leadership have never dealt with in the past. They are very uncomfortable with that.

Senator MELCHER. When you say Indian housing programs are block granted, are you thinking it is a possibility they might be block granted to a State?

Mr. SMALL. No, direct funding to the tribes.

Senator MELCHER. I know that is what you say. But do you think there is an alternative to that, going to the State?

Mr. SMALL. Well, I guess I do, because the definition of block grants to this date has been to go to the State.

Senator MELCHER. Of Indian programs?

Mr. SMALL. The HSS block grants, yes.

Senator MELCHER. Well, there has not been anything of consequence block granted to States for Indian tribes, and I do not think there will. You are thinking of low-income energy.

Mr. SMALL. I am referring to the precedent which has been established in terms of the community services block grants through HSS.

Senator MELCHER. I do not think that is necessarily a precedent, because I think you could find other things if you scout around, some educational programs that have been funneled through the States before.

Mr. SMALL. That is the only one to date in terms of Indian programs.

Senator MELCHER. Maybe the only one to date that you would consider an Indian program, but I think there are some things that have been channeled through the States.

Mr. SMALL. Historically, that is true, but in terms of the present administration's definition of block grants, that is the first.

Senator MELCHER. Public law 864 is direct; it covers Indian tribes like it covers any other school district.

I do not think you advocate block granting for housing through the State. That is No. 1. I do not think anybody that is connected with a tribe would.

But if it were to be given direct to the tribe, I do not know how that would work. It might work in Montana, but it will not work in California or Alaska.

Mr. SMALL. I think some of the pluses there are in terms of deregulation and giving the tribes more control.

Senator MELCHER. What is deregulation? You mean less regulation?

Mr. SMALL. Yes. By that, I was referring to the recommendations that Mrs. Leon made in terms of an option for improving Indian housing.

Senator MELCHER. Well, several today have mentioned Davis-Bacon not applying to Indian housing as being some sort of an improvement. The last figures I looked at showed that something less than 20 percent of the costs of a house is labor. I am familiar with what Davis-Bacon law does. It requires Federal construction labor to be paid at the prevailing community wage rate. It seems a little bit odd to me to be using that as some mechanism to help Indian housing. I do not know what it would really help. It is true that Davis-Bacon sometimes leads to assuming that the community pay is higher than it really is. I guess if you consider all of eastern Montana one community, you can get into a lot of discrepancies. But I do not see that as being much. I do not see that as really changing the cost of the house appreciably at all, whether Davis-Bacon is used or is not. You are only dealing with 20 percent of the cost to begin with or maybe 17, 18, or 19 percent, and if you use Davis-Bacon properly, all it does is assure that the level of pay for a certain job, whether it is a carpenter or electrician or what have you, be the same as the community rate.

Do you have something to add to that, Mr. Grinnell?

Mr. GRINNELL. I was going to suggest wage rates that are passed down from region VIII under Davis-Bacon do not include the salaries of PHS and PIA employees, or other Federal employees on the reservation. Consequently, our wage rates are still low. We are getting a bargain out there. And it does not—if you included the Federal employees, it would be much higher. You know, I do not know whether that is much of a—as the executive director for Cheyenne River Housing Authority, the neatest suggestion I have heard so far came from the lady from Northern Cheyenne, who suggested converting low rent housing to mutual self-help, and I think with younger families, this would be very, very easy. Those who had a capacity to undertake that kind of commitment to home ownership, and that it would be—you could probably convert half of your low rent houses that way.

Senator MELCHER. Mutual self-help?

Mr. GRINNELL. Yes, and reduce a lot of the costs that HUD has now. I do not know that you can convert all of it, because a lot of the low rent stuff has to be saved for old people and those people on welfare. But the rest of them could.

Senator MELCHER. Do you know if we have used mutual self-help on low rental to convert to private ownership?

Mr. GRINNELL. As near as I can tell, it has never been done.

Senator MELCHER. That may be worth pursuing for a model program and end up with the ownership private.

Mr. GRINNELL. Yes.

Mr. SMALL. Senator, in that same line of thought, housing authorities, or at least those from Montana, have advocated that to region VIII for years, and I guess that really brings out the inherent problem of the lack of cooperation and commitment in terms of the housing authorities really knowing what the problems are and what the solutions are, or at least some of the options, but not getting any responsiveness from region VIII.

Senator MELCHER. Thank you all very much for your testimony and your assistance to the committee with these recommendations.

The record will remain open for 30 days for any additional comments.

Is anyone here from Rocky Boy?

Mr. SMALL. Roger St. Pierre was here.

Senator MELCHER. Ute Mountain Ute?

Mr. SPENCER. We do the accounting for them and they also could not make it. They asked us to represent them.

Senator MELCHER. In your testimony here you gave only comments affecting Fort Belknap. Could you give us similar comments for the other tribes that you do accounting work for?

Mr. SPENCER. Yes, I can. I would also like to ask you a question. I worked for HUD for 10 years and I know the history behind some of this. But I have testimony on that.

Senator MELCHER. We would like to have that.

Mr. SPENCER. Would you like me to give it to you now? I will send it to you in writing.[1]

Senator MELCHER. I think we would rather have it in writing.

Virginia, did you have anything to add?

Ms. TOEWS. The only comment I would like to make is in regards to what the gentleman from Cheyenne River was saying also in connection with Fort Belknap with their subsidy on low rent. One of the reasons for our approach to Cynthia Leon, asking her to turn our family low rent units into a homeownership is to attack the no subsidy problem that Secretary Pierce definitely said would be wiped out. There would be no more subsidies for low rent, and, therefore, there is no protection for the Federal investment in housing. It is not there, and our concern is the same thing that the gentleman from Fort Belknap has. He is lucky; he got $1.10 per unit. We got 90 cents per unit. How in the world are you going to maintain low rent units on 90 cents per unit per month?

Actually, HUD has never owned one house, Senator, and never will. We own them. And, therefore, we are responsible for those units. When you asked me the question has HUD ever helped you, thank God they have not or I would be in the same boat that everybody else is in.

Senator MELCHER. I want to thank you all very much, and with that this hearing will be adjourned.

[Whereupon, at 5:10 p.m., the hearing was adjourned.]

[Subsequent to the hearing the following material was received for the record:]

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[1] Not received at time of printing.

REC'D JAN 05 1982

December 21, 1981

Honorable John Melder
Select Committee on Indian Affairs

I, Doran L. Morris - Omaha Tribal Council, Macy, Nebraska, did not have time to be put on the Agenda, here in Billings, Montana.

Nevertheless, I'm submitting this statement on behalf of the Omaha Tribal Housing Authority. Region VIII, Denver. Colorado has allocated 32 Mutual-Help homes to our reservation. There was 158 applications received for these 32 Mutual-Help homes. Needless to say our reservation still needs more homes.

Denver HUD office has given notice to the Omaha Tribal Housing Authority that the tenants very shortly will have to start paying their own utilities. There are many questions concerning this order to be answered. Subsidies are being cut drastically for Indian Housing but not for the farmers of America. The products that are produced by the farmers are mostly being sent over seas. The Indian people will not be going anywhere, but just want to live a decent life.

Omaha Reservation has a three year old Health facility. All of the health professional people commute to and from work within a 30 mile radius from our facility. Our Tribal Council has been looking for housing for the professional people that work at our facility. During inclimate weather these professional persons are unable to travel to and from work.

The HUD office has not actively worked with the Tribe even though there was funds for this type of program

SOUTHERN UTE INDIAN TRIBAL COUNCIL

Tribal Affairs Building
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303-563-4525

LEONARD C. BURCH, CHAIRMAN
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EDWARD BOX, SR., COUNCIL MEMBER
CLEMENT J. FROST, COUNCIL MEMBER
GUY PINNECOOSE, JR., COUNCIL MEMBER
LILLIAN I. SEIBEL, COUNCIL MEMBER

December 22, 1981

REC'D DEC 28 1981

Chairman John Melcher, Senator
United States Senate
Senate Select Committee on Indian Affairs
Washington, D.C. 20510

Honorable Chairman Melcher:

The Southern Ute Tribal Council is pleased to submit testimony for the hearing on Indian housing. It is the belief of the Southern Ute Tribal Council that the critical problems of Indian Housing are not originated in Region VIII, but rather, at the top level of the budget advisory council.

The single most devastating action the Reagan Administration could do to Indian Housing Authorities is to further cut the operating subsidy. This subsidy is used to pay the utilities on rental housing and any subsidy cuts will result in the necessity of cutting the Housing Authorities' staff. In the case of the Southern Ute Housing Authority, there is one (1) Executive Director, one (1) Secretary/Occupancy Specialist, one (1) Bookkeeper, and one (1) Maintenance person. Where could any staff reduction possibly be done here, when each staff member does such a vital duty?

The next critical issue to be addressed is the possibility that Region VIII will not receive funding for construction of new units. This action would have serious consequences for the Southern Ute Housing Authority and the Southern Ute Tribe in several respects.

Younger Tribal member families would not have the opportunity to purchase affordable, decent and safe housing because of the intrinsic format of Reservation land for collateral, thus eliminating the use of more traditional financing institutions.

No new construction on the Southern Ute Reservation would have a negative impact on the economy by reducing employment on the Reservation.

Mr. Chairman, it is the sincere desire of the Southern Ute Tribal Council that these two (2) issues be addressed at the hearing on Indian Housing.

Your assistance will be appreciated.

Sincerely Yours,

Mr. Leonard C. Burch, Chairman
Southern Ute Tribal Council

Urban J. Bear Don't Walk
Attorney at Law
Old Chamber Square 301 N. 27th St.
Billings, Montana 59101 PM 2:42
Phone 406-259-3080

January 4, 1982

REC'D JAN 15 1982

Senator John Melcher
316 North 26th Street
Billings, Montana 59101

Dear Senator Melcher:

As I recall at the hearing you held in Billings, Montana, December 21, 1981, regarding Indian housing, you specifically made inquiry regarding what effects, if any, the moratorium imposed by HUD had upon Indian housing authorities.

At the time the moratorium (HUD evidently disputes that this was a moratorium), the Crow Tribal Housing Authority was beginning with preliminary work regarding Project No. 14-11. This project consisted of fifty (50) Mutual Help Units allocated to the Crow Tribe because of the loss of many homes on the Crow Indian Reservation as the result of the 1978 flood. The preliminary work that was being undertaken involved survey, soils testing and schematic drawings. When the "moratorium" was imposed, the Crow Tribal Housing Authority was without funds to pay the persons that undertook this preliminary work on behalf of the Crow Tribal Housing Authority. The Crow Tribal Housing Authority has recently been sued and there is a strong probability of additional litigation. This litigation can be directly attributed to the "moratorium".

I am enclosing a copy of the statement made by the Executive Director, Lloyd "Mickey" Old Coyote at Billings on the above date.

Thank you for your concern regarding Indian housing.

Sincerely,

Urban

Urban J. Bear Don't Walk

Enclosure

Statement by Lloyd "Mickey" Old Coyote:

Honorable Senator John Melcher, members of the Select Sub-Committee on Indian Affairs.

My name is Lloyd "Mickey" Old Coyote, enrolled member of the Crow Tribe and I also serve as Executive Director of the Crow Tribal Housing Authority.

My primary purpose for submitting a written statement and presenting oral testimony to your committee are several fold. There are many problems and issues confronting the various Indian housing authorities. Some are similar and parallel problem wise as we share and exchange conversations among the various Indian Housing Authorities.

I feel that the sub-committee is more aware of the various problems and issues among the Indian Housing Authorities and pursue measures towards resolving the various problems and issues.

On the local scene, we as Housing Authorities need a lot of technical assistance from HUD and other agencies.

A. Awareness of our problems and issues from the sub-committee perhaps can help towards furthering the local Housing Authorities concepts and administrative design.

B. We need more assistance and more meaningful supporting roles from HUD, BIA, IHS and others. We need Tribal Council support as well particularly on the Crow Reservation. Our Tribal Council is unique from the other Tribes. We have a general (town hall) type council which meets every quarter. The conditions sent down from HUD never took this situation into consideration. The other Tribes can meet of their discretion and address their needs. Our general Council is based on traditional ways of having every voting member of the Tribe to express their wishes through their vote. We feel this is the most democratic form of our Tribal Council.

Brainstorming ideas, remedies and attempts to find solutions with the various agencies should provide an area of resolving some of the problems and issues confronting the Crow Tribal Housing Authority.

Some of our main problems are:

1. Collections
2. Litigation from contractors who build poorly constructed units using inferior materials where the tenants constantly complain about their fuel bills, plumbing problems, poor workmanship.

Our Crow Projects 14-2 through 14-8 all have identical complaints and problems.

Our most recent project 14-9 Elderly Units and 14-10 Low Rent are the best constructed, good workmanship and the best inspected units come up with.

Scape-goating by HUD to the local Indian Housing Authorites is not the answer. HUD should strive to create better communications and better working relationships instead of imposing all kinds of unnecessary policies and conditions on the local Indian Housing Authority.

Presently there exists on the Crow Indian Reservation, 350 units built underneath the auspices of HUD. While this may seem like a lot of houses, there is on file at the Crow Tribal Housing Authority applications in the area of 2,200. It appears, Senator, that the demand for housing at Crow is ever increasing and the present housing program has not been able to fulfill these demands. Also, it should be added that the 350 units, not all of course, are in a state of deterioration and they need substantial rehabilitation and improvement. Therefore, this demonstrates a need for housing and rehabilitation of existing units.

I might also add that when houses are constructed on the Crow Indian Reservation, this creates employment for members of the Tribe. I have previously mentioned the projects 14-9 and 14-10 and I want you to know that a number of jobs were created and the payroll that eventually went into the local economy was

important.

I believe that the Senator is aware that HUD did not request for FY82 additional units. In addition, it is also my understanding that the Indian Public Health did not request an allocation in the FY82 budget for water and sewer hook-ups. Senator, to me this is more than handwriting on the wall and perhaps it places in jeopardy all Indian Housing Programs.

The Indian Housing Program is greatly needed and, in my opinion, should be caught by the safety net often mentioned by President Reagan.

Lloyd "Mickey" Old Coyote